

**Women's Shelter Program, Inc.  
of San Luis Obispo County  
dba Stand Strong**

**Combined Financial Statements**

**Year Ended June 30, 2020**

**Women’s Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**  
**Combined Financial Statements**  
**Year Ended June 30, 2020**

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## Independent Auditors' Report

To the Board of Directors of  
Women's Shelter Program, Inc. of San Luis Obispo County  
dba Stand Strong

### Report on the Financial Statements

We have audited the accompanying combined financial statements of Women's Shelter Program, Inc. of San Luis Obispo County dba Stand Strong (a nonprofit organization) which comprise the combined statement of financial position as of June 30, 2020, and the related combined statements activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

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**Board of Directors**

**Women's Shelter Program, Inc. of San Luis Obispo County**

**dba Stand Strong**

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**Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Women's Shelter Program, Inc. of San Luis Obispo County dba Stand Strong as of June 30, 2020, 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.

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the 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 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 respect, 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 March 1, 2021, on our consideration of Women's Shelter Program, Inc. of San Luis Obispo County dba Stand Strong's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Women's Shelter Program, Inc. of San Luis Obispo County dba Stand Strong's internal control over financial reporting and compliance.

**GLENN BURDETTE ATTEST CORPORATION**

Glenn Burdette Attest Corporation  
San Luis Obispo, California

March 1, 2021

**Women's Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**  
**Combined Statement of Financial Position**  
**June 30, 2020**

**Assets**

**Current assets:**

Cash and cash equivalents	\$ 1,153,842
Certificates of deposit	275,237
Accounts receivable	1,510
Grants and contracts receivable	511,875
Prepaid expenses and other current assets	18,113
Total current assets	1,960,577

**Noncurrent assets:**

Restricted cash and cash equivalents in Trust	49,634
Investments in Trust	265,667
Assets in Trust	315,301

Fixed assets, net of accumulated depreciation and amortization	1,084,226
Total noncurrent assets	1,399,527

Total assets	\$ 3,360,104
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**Liabilities and Net Assets**

**Current liabilities:**

Accounts payable and accrued liabilities	\$ 48,347
Accrued payroll and payroll taxes	43,452
Compensated absences payable	39,857
Security and rent deposits	10,778
Current portion of note payable	577
Total current liabilities	143,011

**Long-term liabilities:**

Note payable, net of current portion	149,423
Paycheck Protection Program note payable	342,955
Total long-term liabilities	492,378

**Net assets:**

Without donor restrictions	1,199,471
With donor restrictions	1,525,244
Total net assets	2,724,715

Total liabilities and net assets	\$ 3,360,104
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*The accompanying notes are an integral part of these financial statements.*

**Women's Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**  
**Combined Statement of Activities**  
**Year Ended June 30, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, gains, and other support:</b>			
Grants - Federal	\$ 1,618,221	\$	\$ 1,618,221
Grants - State	179,248		179,248
Grants and contracts - Local and nongovernmental	411,516	200,180	611,696
Contributions	321,392	131,235	452,627
In-kind support - professional services	50,034		50,034
In-kind support - donated items	44,778		44,778
Realized and unrealized loss on investments, net		(14,741)	(14,741)
Investment income, net of fees		5,822	5,822
Rental income	42,429		42,429
Interest income	11,449		11,449
Miscellaneous income	11,462		11,462
Net assets released from restrictions	259,870	(259,870)	-
Total revenues, gains and other support	2,950,399	62,626	3,013,025
<b>Expenses:</b>			
Program services	2,081,930		2,081,930
Supporting services:			
General administration	831,413		831,413
Fundraising	77,883		77,883
Total expenses	2,991,226		2,991,226
<b>Change in net assets</b>	(40,827)	62,626	21,799
<b>Net assets - beginning of year</b>	1,240,298	1,462,618	2,702,916
<b>Net assets - end of year</b>	\$ 1,199,471	\$ 1,525,244	\$ 2,724,715

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

**Women's Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**  
**Combined Statement of Functional Expenses**  
**Year Ended June 30, 2020**

	Program Services	Supporting Services		Total
		General and Administration	Fundraising	
Salaries	\$ 1,233,908	\$ 403,035	\$ 41,114	\$ 1,678,057
Rent, office and counseling	57,121	127,133		184,254
Professional services	18,223	22,566		40,789
Payroll taxes	106,342	34,620	3,532	144,494
Employee benefits	98,118	31,942	3,258	133,318
Depreciation and amortization	57,208	3,264		60,472
Client assistance	219,822			219,822
In-kind support - volunteers	11,793	38,241		50,034
Other administrative expenses	20,380	69,387	16,504	106,271
Client assistance, in-kind support	44,758	48		44,806
Utilities	25,457	23,801		49,258
Communications	34,825	2,104	191	37,120
Insurance - other	10,488	57,055		67,543
Conferences	5,942	763		6,705
Fundraising		476	13,091	13,567
Safe House operating expenses	28,725	904		29,629
Office supplies	6,522	6,786		13,308
Program partners	30,519			30,519
Transportation	14,668	401	163	15,232
Security	3,737	1,989		5,726
Repairs and maintenance	31,510			31,510
Program supplies	7,541	118		7,659
Training and educational materials	10,651	6,770	30	17,451
Miscellaneous expense	3,672	10		3,682
<b>Total expenses</b>	<b>\$ 2,081,930</b>	<b>\$ 831,413</b>	<b>\$ 77,883</b>	<b>\$ 2,991,226</b>

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

**Women's Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**  
**Combined Statement of Cash Flows**  
**Year Ended June 30, 2020**

**Cash flows from operating activities:**

Change in net assets	\$	21,799
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	\$	60,472
Change in value of investments		5,102
Changes in operating assets and liabilities:		
Accounts receivable		1,462
Grants and contracts receivable		13,472
Prepaid expenses and other current assets		(2,228)
Accounts payable and accrued liabilities		12,287
Accrued payroll and payroll taxes		7,791
Compensated absences payable		6,350
Security and rent deposits		(2,617)
Total adjustments		<u>102,091</u>
Net cash provided by operating activities		<u>123,890</u>

**Cash flows from investing activities:**

Proceeds from maturity of certificates of deposit	179,730	
Proceeds from sale of investments in trust	25,915	
Purchase of investments in trust	(985)	
Net cash provided by investing activities		<u>204,660</u>

**Cash flows from financing activities:**

Borrowings on notes payable	342,955	
Borrowing on Paycheck Protection Program note payable	150,000	
Net cash provided by financing activities		<u>492,955</u>

Net increase in cash and cash equivalents 821,505

**Cash and cash equivalents - beginning of year** 381,971

**Cash and cash equivalents - end of year** \$ 1,203,476

**Reconciliation of Cash and Cash Equivalents to Statement of Financial Position:**

Cash and cash equivalents	\$	1,153,842
Restricted cash and cash equivalents in trust		<u>49,634</u>
Cash and cash equivalents - end of year		<u><u>\$ 1,203,476</u></u>

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

**Women's Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**  
**Notes To Combined Financial Statements**  
**June 30, 2020**

**Note 1: Nature of Business**

Women's Shelter Program, Inc. of San Luis Obispo County dba Stand Strong (the Organization) is a nonprofit organization with the purpose of aiding victims of intimate partner violence and their children by providing temporary shelter, counseling, transitional housing and support services. All of the services are provided within San Luis Obispo County, California. In an effort to plan for the future financial needs of the Organization the Women's Shelter Endowment Trust (WSE Trust) was created to receive and hold assets in perpetuity with the investment income from those assets restricted for support of the Organization.

The accompanying financial statements include the Women's Shelter Program, Inc. of San Luis Obispo County dba Stand Strong and the Women's Shelter Endowment Trust. All significant transactions between the organizations have been eliminated in consolidation.

**Note 2: Summary of Significant Accounting Policies**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all demand deposits with banks and certificates of deposit with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents held by the WSE Trust are restricted for long-term investment and are shown as restricted cash and cash equivalents in the accompanying financial statements.

**Accounts, Grants, and Contracts Receivable**

The Organization has not recorded an allowance for doubtful accounts since management believes that accounts and grants and contracts receivable are collectible. Any bad debts in the future would be charged off as incurred.

**Endowment Investments**

The Organization is an income beneficiary named under a perpetual trust, the WSE Trust. Investment income net of fees of \$2,503, and net realized and unrealized gains and losses, are recorded in the statement of activities.

*Funds with Deficiencies:*

From time to time, the fair value of assets associated with the individual donor-restricted endowment fund may fall below the level that the donor or Uniform Prudent Management of Institutional Funds Act (UPMIFA) required the Organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, there were no deficiencies of this nature at June 30, 2020.

**Women’s Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**

**Notes to Combined Financial Statements**

**June 30, 2020**

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**Note 2: Summary of Significant Accounting Policies (Continued)**

*Return Objectives and Risk Parameters:*

The WSE Trust has adopted investment and distribution policies for amounts held in trust (hereafter referred to as “endowments”) assets that are designed to provide a predictable stream of funding to programs supported by its endowment while seeking to protect the real purchasing power of the assets from inflation.

The investment objectives call for growth and income and is intended to be a balanced portfolio, comprised of mutual funds, stocks, fixed income instruments and cash equivalent securities and, as such, is intended to be structured to provide a reasonable return on invested assets with an emphasis on growth of principal.

*Strategies Employed for Achieving Objectives:*

To satisfy its long-term rate-of-return objectives, the WSE Trust relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that balances a greater emphasis on equity-based investments (approximately 60% - 80% of the total portfolio) to achieve its long-term rate-of-return objectives within prudent risk constraints along with a substantive allocation (approximately 40% - 20% of the total portfolio) to fixed income to provide certainty of return and tempering of volatility.

*Spending Policy and How the Investment Objectives Relate to Spending Policy:*

The WSE Trust has a policy of appropriating for distribution each year up to 75% of the prior years’ growth and/or return on investments. The WSE Trust’s distribution policy does not allow the WSE Trust to distribute earnings when the investments are below their original market value. Annual distributions are not required and there were no distributions in the current year.

**Fair Value Measurements**

The Organization records its financial assets and liabilities at fair value in accordance with the Fair Value Measurements and Disclosures Topic of FASB ASC (the Topic). This Topic provides a framework for measuring fair value, clarifies the definition of fair value and expands disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The Topic also establishes a three-tier hierarchy as follows, which prioritizes the inputs used in the valuation methodologies in measuring fair value.

**Women’s Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**

**Notes to Combined Financial Statements**

**June 30, 2020**

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**Note 2: Summary of Significant Accounting Policies (Continued)**

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

*Level 2:* Inputs to the valuation methodology include:

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

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

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

This hierarchy requires the Organization to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. If available, quoted market prices are used to value investments.

The following is a description of the valuation methodologies used for assets measured at fair value:

*Investments:* Investments, including exchange traded funds and mutual funds, are recorded at fair value based upon quoted market prices using Level 1 inputs.

The following sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value at June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange traded funds	\$ 51,582	\$	\$	\$ 51,582
Mutual funds	214,085			214,085
Total investments at fair value	<u>\$ 265,667</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,667</u>

**Fixed Assets**

Fixed assets are shown at cost or fair value on the date of acquisition or contribution. The organization’s policy is to capitalize fixed assets with a value of \$5,000 or more. Depreciation is recorded over their estimated useful lives using the straight-line depreciation method. Furniture, fixtures and equipment are depreciated over five to ten years, land improvements over fifteen years and facilities over twenty years.

**Women's Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**

**Notes to Combined Financial Statements**

**June 30, 2020**

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**Note 2: Summary of Significant Accounting Policies (Continued)**

Fixed assets purchased with federal and state grants are recorded as grant expenses. Since title of these fixed assets remains with the federal or state governments during the term of the grants, these assets are not recorded in the accompanying financial statements until title is transferred to the Organization and donated fixed assets are recorded.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Revenue and Revenue Recognition**

A portion of the Organization's revenue is derived from cost-reimbursable government and private contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures have been incurred 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.

**Women's Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**

**Notes to Combined Financial Statements**

**June 30, 2020**

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**Note 2: Summary of Significant Accounting Policies (Continued)**

The Organization also receives rate-based revenue, based on established rates in the contract, which is recognized when the services are provided at a point in time. In addition, the Organization receives a small amount of rental income that is recognized at a point in time on a monthly basis.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is 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 substantially met.

**Change in Accounting Principle**

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605) and ASU No. 2014-09 *Revenue Recognition from Contracts with Customers* and subsequent amendments, as management believes the standards improve the usefulness and understandability of the Organization's financial reporting. There have been no changes to these financial statements as a result of the adoption of these ASUs.

**Income Taxes**

The Organization is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. Annually, the Organization files a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. Management has determined the Organization is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

**In-Kind Support - Donated Property and Services**

The Organization receives donated services which are recorded in the financial statements if the services received (a) create or enhance long-lived assets or (b) require specialized skills or training and would typically need to be purchased if not provided by donation. The amounts reflected in the financial statements as in-kind support are offset by like amounts in the Combined Statement of Functional Expenses. The donated services are recorded at the prevailing wage of similar jobs in the area or at the standard fees of professional services. The contributed services

**Women's Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**

**Notes to Combined Financial Statements**

**June 30, 2020**

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**Note 2: Summary of Significant Accounting Policies (Continued)**

are also used to meet matching requirements on some of the federal and state grants. The Organization had \$50,034 in contributed services and \$44,778 in donated property for the year ended June 30, 2020.

Donations of property and equipment of \$500 or greater are recorded as contributions at their estimated fair values at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

**Concentrations**

*Credit Risk:*

The Organization maintains cash balances with Federal Deposit Insurance Corporation (FDIC) insured financial institutions. At times the balances may exceed federally insured limits. The FDIC insures interest-bearing transaction accounts and certificates of deposit up to \$250,000. At June 30, 2020, the Organization had \$501,720 in excess of federally insured limits. To date the Organization has not had any losses on their cash balances.

*Major Revenue Sources:*

The Organization receives grant funding from federal, state and local agencies and foundations. For the year ended June 30, 2020, revenue from the California Office of Emergency Services (CalOES) accounted for approximately 58%, and the United States Department of Justice (DOJ) accounted for approximately 11%, of total grant revenues.

At June 30, 2020, grants and contracts receivable from CalOES and DOJ accounted for 56% and 15%, respectively, of total grants and contracts receivable.

**Functional Expense Allocations**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

**Women’s Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**

**Notes to Combined Financial Statements**

**June 30, 2020**

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**Note 2: Summary of Significant Accounting Policies (Continued)**

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 3: Liquidity and Availability**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 1,153,842
Certificates of deposit	275,237
Accounts receivable	1,510
Grants and contracts receivable	511,875
Less: net assets with purpose restrictions	<u>(53,567)</u>
	<u>\$ 1,888,897</u>

Endowment funds consist of donor-restricted endowments and the earnings on those funds. Income from donor-restricted endowments is available for general use subject to the spending policies of the Board. See more information on these policies in Note 2. Donor-restricted endowment funds are not available for general expenditure.

As part of the Organization’s liquidity management plan, cash in excess of daily requirements is invested in money market funds and certificates of deposit.

**Women’s Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**

**Notes to Combined Financial Statements**

**June 30, 2020**

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**Note 4: Grants and Contracts Receivable**

At June 30, 2020, grants and contracts receivable comprised the following federal, state and local grants:

Department of Justice - Office on Violence Against Women	\$ 78,928
CalOES - Domestic Violence Assistance Program	76,465
CalOES - Child Abuse Treatment Program	48,125
CalOES - Victims Legal Assistance Program	37,601
San Luis Coastal Unified School District	10,527
County of San Luis Obispo	43,974
CalOES - Housing First Program	95,403
CalOES - Family Violence Prevention Program	29,897
COVID-19 VSR	38,175
Delta	18,823
CalWorks	31,996
Other	1,961
	<hr/>
Total	<u>\$ 511,875</u>

**Note 5: Fixed Assets**

At June 30, 2020, fixed assets comprised the following:

Furniture, fixtures and equipment	\$ 140,323
Land	758,182
Land improvements	54,824
Shelter facilities	428,111
Transitional housing facilities	996,760
Leasehold improvements	8,075
Vehicles	36,670
	<hr/>
	2,422,945
Less accumulated depreciation and amortization	<u>(1,338,719)</u>
Fixed assets, net of accumulated depreciation and amortization	<u>\$ 1,084,226</u>

**Women’s Shelter Program, Inc. of San Luis Obispo County**  
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**Notes to Combined Financial Statements**

**June 30, 2020**

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**Note 6: Notes Payable**

At June 30, 2020, the Organization’s note payable consisted of:

EIDL note payable to the Small Business Administration with principal and interest at 2.75% due in monthly installments of \$641, beginning in May 2021. The note matures in May 2050.	\$ 150,000
Less current portion	<u>(577)</u>
Note payable, net of current portion	<u>\$ 149,423</u>

At June 30, 2020, principal maturities on the note payable were as follows:

<u>For the Year Ending June 30,</u>	
2021	\$ 577
2022	3,522
2023	3,620
2024	3,721
2025	3,824
Thereafter	<u>134,736</u>
Total	<u>\$ 150,000</u>

In addition, the Organization has a Paycheck Protection Program (PPP) note payable to Mechanics Bank, issued in the amount of \$342,955 on April 30, 2020. The note matures on April 30, 2022 and is unsecured. This note, guaranteed by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, is eligible for forgiveness under the PPP Flexibility Act of 2020, subject to approval by the SBA. Management expects the note payable to be forgiven based upon costs incurred, and therefore it is not included in the preceding maturities table.

**Women’s Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**

**Notes to Combined Financial Statements**

**June 30, 2020**

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**Note 7: Grant and Contract Revenue Sources**

The Organization recognized federal, state, local and other nongovernmental grant and contract revenues from the following sources during the year ended June 30, 2020:

Federal:	
Department of Justice - Office on Violence Against Women	\$ 275,469
CalOES - Domestic Violence Assistance Program	348,562
CalOES - Child Abuse Treatment Program	194,939
Delta IMPACT	79,060
CalOES - Family Violence Prevention Program	115,798
CalOES - Victims Legal Assistance Program	235,228
CalOES - Housing First Program	321,229
Emergency Food and Shelter National Board Program (FEMA)	9,761
Emergency COVID-19 VSR	38,175
Total federal	<u>1,618,221</u>
State:	
CalOES - Domestic Violence Assistance Program	<u>179,248</u>
Total state	<u>179,248</u>
Local and nongovernmental:	
County of San Luis Obispo	207,132
San Luis Coastal Unified School District	92,287
CalWorks	75,000
Foundation grants	187,600
City of San Luis Obispo	10,000
Grizzly Youth Academy	8,243
Miscellaneous grants	29,484
Victim Services Funding	1,950
Total local and nongovernmental	<u>611,696</u>
Total	<u>\$ 2,409,165</u>

**Women’s Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**

**Notes to Combined Financial Statements**

**June 30, 2020**

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**Note 8: Designations and Restrictions on Net Assets**

At June 30, 2020, the Organization had the following net assets with donor restrictions:

Subject to expenditure for specified purpose:	
Counseling	\$ 50,567
Client assistance	78,054
Prevention and outreach	3,000
Subject to the passage of time:	
Forgivable notes payable	1,078,322
Subject to appropriation and expenditure when a specified event occurs:	
Available for general use	140,678
Subject to endowment spending policy and appropriation:	
Permanently restricted to general endowment	<u>174,623</u>
	<u>\$ 1,525,244</u>

At June 30, 2020, the Organization had no board designations on their net assets without donor restrictions.

**Note 9: Operating Leases**

The Organization leases office facilities, storage space, and transitional housing in San Luis Obispo under month-to-month operating leases. The current rents for all leases are \$15,937 per month, with annual CPI adjustments in future years.

Rent expense for the year ending June 30, 2020 was \$184,254 for office and counseling rents.

**Note 10: Commitments and Contingencies**

*Forgivable Notes Payable*

The Department of Housing and Community Development operates the State Emergency Housing and Assistance Program Capital Development (EHAPCD) and awarded the Organization a grant of \$756,000 in February 2012 to purchase housing units in San Luis Obispo County. This grant was made in the form of a forgivable note payable, accrues interest at 3% over the life of the note payable and is scheduled to be forgiven 10 years after issuance, assuming the property purchased is used as a transitional housing facility. The Organization intends to comply with the grant requirements and management expects the note payable balances and accrued interest to be forgiven in 2022.

**Women’s Shelter Program, Inc. of San Luis Obispo County**  
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**Notes to Combined Financial Statements**

**June 30, 2020**

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**Note 10: Commitments and Contingencies**

The Organization was awarded a \$322,322 non-interest-bearing Community Development Block Grant (CDBG) forgivable note payable from the U.S. Department of Housing and Urban Development passed through the City of San Luis Obispo in December 2001 to assist in the purchase of housing for very-low to low income persons. The note payable is forgivable in 30 years from the date of the close of escrow if the Organization complies with the terms of the agreement. The Organization intends to comply with the terms of the agreement and management expects the note to be forgiven in 2031.

These forgivable notes payable have been recorded as temporarily restricted revenue and will be included in temporarily restricted net assets until they are forgiven. As the expectation is that all interest will be forgiven at the time the notes payable are forgiven no interest accrual has been recorded in these financial statements.

*Litigation*

From time to time, in the normal course of operations, the Organization may become involved in litigation for which the Organization has additional insurance coverage. Management does not believe this will result in a material impact to the financial statements.

**Note 11: Summary Financial Information of the Women’s Shelter Endowment Trust**

The following is a summary of the financial statements of the WSE Trust as of and for the year ended June 30, 2020:

**Statement of Financial Position**

**Noncurrent assets:**

Restricted cash and cash equivalents in Trust	\$ 49,634
Investments	<u>265,667</u>
Total noncurrent assets	<u>315,301</u>
Total assets	<u><u>\$ 315,301</u></u>

**Net assets:**

With donor restrictions	\$ 315,301
Total net assets	<u>315,301</u>
Total liabilities and net assets	<u><u>\$ 315,301</u></u>

**Women’s Shelter Program, Inc. of San Luis Obispo County**  
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**Notes to Combined Financial Statements**

**June 30, 2020**

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**Note 11: Summary Financial Information of the Women’s Shelter Endowment Trust (Continued)**

**Statement of Activities**

**Revenues and other support:**

Realized loss on investments, net	\$ (10,222)
Unrealized loss on investments, net	(4,519)
Investment income, net of fees	<u>5,822</u>
Total revenues and other support	<u>(8,919)</u>

Change in net assets (8,919)

**Net assets - beginning of year** 324,220

**Net assets - end of year** \$ 315,301

**Note 12: Endowment Policies and Activity**

The Organization’s endowment investments consisted of individual stocks and mutual funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Organization has interpreted the provisions of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the WSE Trust classifies net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions until those amounts are appropriated for expenditures by the WSE Trust in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

**Women’s Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**

**Notes to Combined Financial Statements**

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**Note 12: Endowment Policies and Activity (Continued)**

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization.

At June 30, 2020, endowment net asset composition was as follows:

	<b><u>With Donor Restrictions</u></b>
Donor-restricted endowment funds:	
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	\$ 174,623
Accumulated investment gains	<u>140,678</u>
	<u><u>\$ 315,301</u></u>

Changes in endowment net assets during the year ended June 30, 2020, were as follows:

	<b><u>Accumulated Investment Gains</u></b>	<b><u>Original Donor- Restricted Gifts</u></b>	<b><u>Total With Donor Restrictions</u></b>
Endowment net assets - beginning of year	\$ 149,597	\$ 174,623	\$ 324,220
Investment return:			
Investment income, net of fees	5,822		5,822
Realized gain on investments	(10,222)		(10,222)
Unrealized loss on investments	<u>(4,519)</u>		<u>(4,519)</u>
Total investment return	<u>(8,919)</u>	<u>-</u>	<u>(8,919)</u>
Endowment net assets - end of year	<u><u>\$ 140,678</u></u>	<u><u>\$ 174,623</u></u>	<u><u>\$ 315,301</u></u>

**Women's Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**

**Notes to Combined Financial Statements**

**June 30, 2020**

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**Note 13: COVID-19 Pandemic**

The Organization has been impacted by the recent COVID-19 pandemic. Due to the uncertainty surrounding the coronavirus pandemic, the length and severity of the outbreak, and the volatility in the world investment markets, there is increasing uncertainty as to how these events will affect results of operations and financial position of the Organization going forward.

**Note 14: Subsequent Events**

Events subsequent to June 30, 2020 have been evaluated through March 1, 2021, which is the date the financial statements were available to be issued. Management did not identify any events requiring disclosure.

## **Other Independent Auditors' Reports**



**Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors of  
Women's Shelter Program, Inc.  
of San Luis Obispo County  
dba Stand Strong

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 Women's Shelter Program, Inc. of San Luis Obispo dba Stand Strong (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 1, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Women's Shelter Program, Inc. of San Luis Obispo County dba Stand Strong'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 Women's Shelter Program, Inc. of San Luis Obispo County dba Stand Strong's internal control. Accordingly, we do not express an opinion on the effectiveness of Women's Shelter Program, Inc. of San Luis Obispo County dba Stand Strong'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 misstatement on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Board of Directors**

**Women’s Shelter Program, Inc. of San Luis Obispo County**

**dba Stand Strong**

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deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing, 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.

A handwritten signature in black ink that reads "GLENN BURDETTE ATTEST CORPORATION". The letters are in all caps and have a slightly cursive, hand-drawn appearance.

Glenn Burdette Attest Corporation

San Luis Obispo, California

March 1, 2021



**Independent Auditors' Report on Compliance for Each Major Program and  
on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors of  
Women's Shelter Program, Inc.  
of San Luis Obispo County  
dba Stand Strong

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

We have audited Women's Shelter Program, Inc. of San Luis Obispo County dba Stand Strong's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Women's Shelter Program, Inc. of San Luis Obispo County dba Stand Strong's major federal programs for the year ended June 30, 2020. Women's Shelter Program, Inc. of San Luis Obispo County dba Stand Strong's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

## **Board of Directors**

### **Women's Shelter Program, Inc. of San Luis Obispo County**

#### **dba Stand Strong**

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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 on Women's Shelter Program, Inc. of San Luis Obispo County dba Stand Strong's compliance.

#### **Opinion on Each Major Federal Program**

In our opinion, Women's Shelter Program, Inc. of San Luis Obispo County dba Stand Strong complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

#### **Report on Internal Control Over Compliance**

Management of Women's Shelter Program, Inc. of San Luis Obispo County dba Stand Strong 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, we considered Women's Shelter Program, Inc. of San Luis Obispo County dba Stand Strong's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 Women's Shelter Program, Inc. of San Luis Obispo County dba Stand Strong'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

**Board of Directors**

**Women's Shelter Program, Inc. of San Luis Obispo County**

**dba Stand Strong**

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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.

**GLENN BURDETTE ATTEST CORPORATION**

Glenn Burdette Attest Corporation

San Luis Obispo, California

March 1, 2021

**Women's Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

<u>Pass through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Agency Number</u>	<u>Federal Expenditures</u>	<u>Subrecipients</u>
<b>U.S. Department of Homeland Security:</b>				
Passed through United Way:				
Emergency Food and Shelter National Board Program (FEMA)	97.024	LRO: 086400-002	\$ 9,761	\$ -
Total U.S. Department of Homeland Security			<u>9,761</u>	<u>-</u>
<b>U.S. Department of Health and Human Services:</b>				
Passed through the CA Partnership to End Domestic Violence:				
Injury Prevention and Control Research and State and Community Based Programs - Delta IMPACT	93.136		79,060	
Total U.S. Department of Health and Human Services			<u>79,060</u>	<u>-</u>
<b>U.S. Department of Housing &amp; Urban Development:</b>				
Passed through City of San Luis Obispo:				
Community Development Block Grants/Entitlement Grants	14.239		322,322	
Total U.S. Department of Housing and Urban Development			<u>322,322</u>	<u>-</u>
<b>U.S. Department of Justice:</b>				
Legal Assistance for Victims	16.524		161,989	2,468
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking or Sexual Assault	16.736		113,480	
Passed through CalEMA:				
Crime Victim Assistance:				
Child Abuse Treatment Program	16.575	AT18041179	52,290	
Child Abuse Treatment Program	16.575	AT19051179	142,649	
Domestic Violence Assistance Program	16.575	DV18331179	194,953	
Domestic Violence Assistance Program	16.575	DV19341179	153,609	
Family Violence Prevention Program	16.575	FX18011179	115,798	30,644
Housing First Program	16.575	XD18011179	183,494	
Housing First Program	16.575	XD19021179	137,735	
Victims Legal Assistance Program	16.575	KL18011179	132,389	
Victims Legal Assistance Program	16.575	KL19021179	102,839	
Emergency Response to Interpersonal Violence - 2020 Pandemic Program	16.575		38,175	
Total Crime Victim Assistance			<u>1,253,931</u>	<u>30,644</u>
Total U.S. Department of Justice			<u>1,529,400</u>	<u>33,112</u>
<b>Total expenditures of federal awards</b>			<u>\$ 1,940,543</u>	<u>\$ 33,112</u>

*See accompanying notes to schedule of expenditures of federal awards.*

**Women’s Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

**Note 1: Basis of Presentation**

The purpose of the accompanying schedule of expenditures of federal awards (the schedule) is to present a summary of those activities of the Women’s Shelter Program, Inc. of San Luis Obispo County dba Stand Strong for the year ended June 30, 2020 which have been financed by federal awards. For purposes of the schedule, federal awards include all federal grants received directly from the federal government and sub-awards from nonfederal organizations made under federally sponsored agreements. Because the schedule presents only a selected portion of the activities of the Organization, it is not intended to and does not present either the financial position or changes in net position of the Organization.

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). Therefore, some amounts presented in this schedule may differ from amounts presented in the basic financial statements.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the schedule represent adjustments or credit made in the normal course of business to amounts reported as expenditures in prior years.

**Note 3: Indirect Cost Rate**

The Organization has not elected to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance, but rather the rates established directly with the respective federal agencies.

**Note 4: Loans Outstanding**

Women’s Shelter Program, Inc. of San Luis Obispo County dba Stand Strong has the following loan balance outstanding at June 30, 2020. This balance does not include the interest that would be payable on this loan if the Organization were in default.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
Community Development Block Grants	14.218	\$322,322

**Women's Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2020**

**Section I: Summary of Auditors' Results**

**Financial Statements:**

- (a) Type of auditors' report issued on financial statements: **Unmodified.**
- (b) Internal control over financial reporting:
- Material weakness(es) identified: **No.**
  - Significant deficiencies identified not considered to be material weaknesses: **None reported.**
- (c) Noncompliance material to financial statements noted: **No.**

**Federal Awards:**

- (d) Internal control over major programs:
- Material weakness(es) identified: **No.**
  - Significant deficiencies identified not considered to be material weaknesses: **None reported.**
- (e) Type of auditors' report issued on compliance for major programs: **Unmodified.**
- (f) Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of Uniform Guidance: **No.**
- (g) Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000.**
- (h) Major Program(s):
- U.S. Department of Justice: Crime Victim Assistance (CFDA Number 16.575)
- (i) Auditee qualified as low-risk auditee: **Yes.**

**Section II: Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards**

None.

**Women's Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2020**  
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**Section III: Findings and Questioned Costs for Federal Awards**

None.

**Women’s Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**  
**Summary Schedule of Prior Audit Findings – June 30, 2019**  
**Year Ended June 30, 2020**

**Section IV: Summary Schedule of Prior Audit Findings**

**U.S. Department of Justice**

Crime Victim Assistance - CFDA Number 16.575

**Finding 2019-100: Timecard Tracking and Support (Significant Deficiency)**

*Condition:*

During our audit over this program we found several instances in which the time charged to the grant was greater than the hours worked on the grant, per the employee’s timecard. For the specific employees identified, the Organization is allocating the expenses as a percent of total hours and pay rather than allocating the expenses based on direct hours worked on the program. In addition, the Organization utilizes manual excel spreadsheets to allocate time to grants based on the functional time sheets. However, for a few employees selected in the current year, we noted that the spreadsheets, as applicable to each employee, were incorrectly including vacation, sick, and holiday hours twice in the allocation calculation. Therefore, the amount allocated to certain grants was either over or understated slightly due to the formula error in several pay periods. Per additional discussions with the Organization and review of grant budgets, it was noted that none of the employees questioned had expenses charged to the program greater than the allowable budget. Therefore, the expenses are not deemed to be questioned costs.

*Criteria:*

The Organization is required to have proper support for all costs charged to grants and programs, including personnel charges.

*Cause:*

While the Organization is properly utilizing functional timesheets to track employee expenses and is allocating such expenses to the grants, the Organization did not follow procedures to verify that calculations and formulas were accurate.

*Effect:*

While it was determined that the expenses were not questioned costs, the manual excel spreadsheets utilized by the Organization contain formula errors that may affect grant reporting in future periods.

*Recommendation:*

The Organization should ensure that any manual spreadsheets and calculations used to allocate grant expenses, based on employee functional timesheets, are accurate. We recommend that the Organization review how they are allocating payroll costs to the grant in order to simplify and more properly allocate these costs utilizing the new payroll tracking software implemented at the end of 2019.

**Women’s Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**  
**Summary Schedule of Prior Audit Findings – June 30, 2019**  
**Year Ended June 30, 2020**  
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**Finding 2019-100: Timecard Tracking and Support (Significant Deficiency) (Continued)**

*Management Update on Current Status:*

Management implemented multiple changes during the year ended June 30, 2020 to improve timecard tracking procedures, including switching salaried employees to functional timesheets, updating the standard form of the functional timesheet, updating the standard procedures for allocating vacation, sick, and holiday time to grants, developing user manuals for employees for electronic timecards, and developing a more formal onboarding process for new employees that stresses the importance of timecards for grant allocation. Corrected during the year ended June 30, 2020.

**Finding 2019-200: Reporting of the Schedule of Expenditures of Federal Awards (SEFA) (Significant Deficiency)**

*Condition:*

During our audit of the major program, a current year expenditure was selected from the Organization’s QuickBooks file for testwork. Per discussions with Organization management, it was determined that the expense was intended to be charged to the grant with a budget modification; therefore, it was recorded in the QuickBooks file as a grant expenditure. However, the modification was not completed by the Organization in time for the expense to be invoiced to the grant. Therefore, the expenditure was deemed to not be allowable and was correctly not submitted to the grant for reimbursement when the reimbursement request was submitted after June 30, 2019. Per additional discussions with the Organization, their current procedures are to record any allowable expenses to the grants within the QuickBooks file. Subsequently, when they close out a grant (after the end of the performance period), the Organization will reverse any unallowable or un-invoiced items along with any over-budgeted expenditures. As part of this process, the expenditures are journaled out of the grant and into the Organization’s unrestricted funds and/or other grants for which the expenditures are deemed to be allowable.

As a result of this finding, the Organization reviewed their expenditures at year end for all of their grants, making sure that the SEFA was properly reflecting expenditures that were charged to the grant. While these adjustments to the SEFA were not material to the financial statements, the Organization should make sure they are able to properly calculate these expenditures at year end as well as at the end of the performance period.

*Criteria:*

The Organization is required to accurately report the Schedule of Expenditures of Federal Awards as of year-end, regardless of when the period of performance ends for a grant.

*Cause:*

While the Organization is properly identifying expenditures that are initially deemed to be allowable under the grant, closing entries are being performed, often subsequent to year-end, to reverse any unallowable grant expenditures.

**Women’s Shelter Program, Inc. of San Luis Obispo County**  
**dba Stand Strong**  
**Summary Schedule of Prior Audit Findings – June 30, 2019**  
**Year Ended June 30, 2020**  
**Page 3**

**Finding 2019-200: Reporting of the Schedule of Expenditures of Federal Awards (SEFA) (Significant Deficiency)**  
**(Continued)**

*Effect:*

The effect of this process, and the continuous movement of expenditures between grants and unrestricted funds, is that the Organization has difficulty in determining their yearly expenditures as of June 30, 2019 in order to properly report the Schedule of Expenditures of Federal Awards.

*Recommendation:*

We recommend that the Organization establish policies and procedures to streamline the recording of federal expenditures throughout the year which will allow them to properly calculate their federal expenditures for reporting at the end of the year.

*Management Update on Current Status:*

Management updated standard procedures to not adjust QuickBooks or invoices until modifications are appropriately approved, and provided training to staff on properly dating manual journal entries. Corrected during the year ended June 30, 2020.