

**Serving People in Need, Inc.**

**Financial Statements**

**Year Ended December 31, 2018**  
**(With Independent Auditor's Report Thereon)**

**SERVING PEOPLE IN NEED, INC.**

**Financial Statements**

**Year Ended December 31, 2018**

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## **NDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Serving People in Need, Inc.  
Costa Mesa, California

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

We have audited the accompanying financial statements of Serving People in Need, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and 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 Serving People in Need, Inc. as of December 31, 2018, 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2019 on our consideration of Serving People in Need, Inc.'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 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 Serving People in Need, Inc.'s internal control over financial reporting and compliance.

*Stephens, Reidinger + Beller LLP*

Newport Beach, California  
May 17, 2019

SERVING PEOPLE IN NEED, INC.

**STATEMENT OF FINANCIAL POSITION**

December 31, 2018

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 427,469
Accounts receivable	46,106
	<hr/>
<b>Total current assets</b>	473,575
Property and equipment, net of accumulated depreciation of \$52,355	8,518
Deposits	6,556
	<hr/>
<b>Total assets</b>	<u><u>\$ 488,649</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities	
Accrued expenses	\$ 14,651
	<hr/>
<b>Total current liabilities</b>	14,651
Net assets	
Without donor restrictions	455,816
With donor restrictions	18,182
	<hr/>
<b>Total net assets</b>	473,998
	<hr/>
<b>Total liabilities and net assets</b>	<u><u>\$ 488,649</u></u>

See accompanying notes to the financial statements.

SERVING PEOPLE IN NEED, INC.

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenue</b>			
Contributions	\$ 634,204	\$ 20,000	\$ 654,204
United Way	100,000	-	100,000
Governmental assistance	439,894	-	439,894
Donated materials	44,290	-	44,290
Interest and other income	142	-	142
Realized and unrealized net gain on investments	839	-	839
Subtotal support and revenue	<u>1,219,369</u>	<u>20,000</u>	<u>1,239,369</u>
Special events			
Special events revenue	322,145	-	322,145
Less direct expenses	<u>(79,999)</u>	<u>-</u>	<u>(79,999)</u>
Net support from special events	<u>242,146</u>	<u>-</u>	<u>242,146</u>
<b>Total support and revenue</b>	1,461,515	20,000	1,481,515
Satisfaction of program restrictions	<u>85,944</u>	<u>(85,944)</u>	<u>-</u>
	1,547,459	(65,944)	1,481,515
<b>Program service expenses</b>			
Guided assistance to permanent placement housing	905,131	-	905,131
Street services	<u>171,448</u>	<u>-</u>	<u>171,448</u>
Total program service expenses	1,076,579	-	1,076,579
<b>Supporting service expenses</b>			
Management and general	79,948	-	79,948
Fundraising	<u>105,248</u>	<u>-</u>	<u>105,248</u>
Total supporting service expenses	<u>185,196</u>	<u>-</u>	<u>185,196</u>
<b>Total expenses</b>	<u>1,261,775</u>	<u>-</u>	<u>1,261,775</u>
<b>Increase (decrease) in net assets</b>	<u>285,684</u>	<u>(65,944)</u>	<u>219,740</u>
<b>Net assets at beginning of year</b>	<u>170,132</u>	<u>84,126</u>	<u>254,258</u>
<b>Net assets at end of year</b>	<u>\$ 455,816</u>	<u>\$ 18,182</u>	<u>\$ 473,998</u>

See accompanying notes to the financial statements.

SERVING PEOPLE IN NEED, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

	Program Services			Supportive services			Total Expenses
	Guided Assistance to Permanent Placement Housing (GAPP)	Street Services	Subtotal	Management and General	Fund Raising	Subtotal	
Salaries, payroll taxes & employee benefits	\$ 255,285	\$ 102,554	\$ 357,839	\$ 51,637	\$ 51,435	\$ 103,072	\$ 460,911
Food	40,035	24,636	64,671	-	-	-	64,671
Client support services	193,642	790	194,432	-	-	-	194,432
Client housing	275,599	-	275,599	-	-	-	275,599
Rent	35,076	13,152	48,228	8,766	8,766	17,532	65,760
Professional services	73,308	18,234	91,542	13,895	14,144	28,039	119,581
Marketing & public relations	11,400	4,560	15,960	-	6,321	6,321	22,281
Meetings & promotions	-	-	-	-	9,364	9,364	9,364
Office expense	1,980	640	2,620	703	1,661	2,364	4,984
Insurance	4,286	1,714	6,000	1,285	1,286	2,571	8,571
Telephone	2,805	1,422	4,227	841	1,141	1,982	6,209
Utilities	2,282	912	3,194	684	684	1,368	4,562
Printing	596	173	769	-	3,446	3,446	4,215
Postage	248	43	291	23	771	794	1,085
Automobile	1,892	-	1,892	71	822	893	2,785
Dues & subscriptions	202	80	282	61	61	122	404
Bank & merchant charges	758	303	1,061	302	2,748	3,050	4,111
Repair & maintenance	2,632	993	3,625	748	774	1,522	5,147
Security	429	172	601	129	129	258	859
Equipment rent	1,492	597	2,089	448	447	895	2,984
Volunteer appreciation	-	-	-	-	893	893	893
Expenses before depreciation	903,947	170,975	1,074,922	79,593	104,893	184,486	1,259,408
Depreciation	1,184	473	1,657	355	355	710	2,367
Total expenses	\$ 905,131	\$ 171,448	\$ 1,076,579	\$ 79,948	\$ 105,248	\$ 185,196	\$ 1,261,775

See accompanying notes to the financial statements.

SERVING PEOPLE IN NEED, INC.

**STATEMENT OF CASH FLOWS**

December 31, 2018

Cash flows from operating activities	
Increase in net assets	\$ 219,740
Adjustments to reconcile change in net assets	
Depreciation expense	2,367
Contributed investments	(32,359)
Realized and unrealized net gain on investments	(839)
Net cash provided by operating activities	
(Increase) decrease in accounts receivable	20,206
Increase (decrease) in accrued expenses	402
Total adjustments	<u>(10,223)</u>
Net cash provided by operating activities	209,517
Cash flows from investing activities	
Acquisition of equipment	(2,417)
Proceeds from sale of investments	<u>58,893</u>
Net cash provided by investing activities	<u>56,476</u>
Net increase in cash and cash equivalents	265,993
Cash and cash equivalents at beginning of year	<u>161,476</u>
Cash and cash equivalents at end of year	<u><u>\$ 427,469</u></u>

See accompanying notes to the financial statements.

SERVING PEOPLE IN NEED, INC.

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2018

**NOTE 1: ORGANIZATION AND NATURE OF SERVICES**

Serving People in Need, Inc. (SPIN) is a nonprofit corporation incorporated in 1989 under the California Nonprofit Benefit Law. SPIN restores Orange County families and individuals in crisis to permanent self-sufficiency through SPIN's long-term, proven case management and support services.

SPIN's program services are as follows:

Guided Assistance to Permanent Placement Housing Program (GAPP) – Assists low income and homeless families and individuals in crisis with move-in costs to housing and rental assistance. The foundation of the program is its case management, which addresses the causative factors of the families' situation and provides support services (budget, credit clean-up, job training, etc.) to overcome those factors. GAPP's goal is to ensure families and individuals are stabilized and able to maintain their own housing and living expenses at the end of the program.

Street Services Program – Distributes sack meals, blankets, warm clothing and hygiene kits to working poor and homeless individuals.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of SPIN have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

**New Pronouncement**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. ASU 2016-14 reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and requires both quantitative and qualitative disclosures about liquidity and availability of financial resources among other provisions. ASU 2016-14 became effective for fiscal years beginning after December 15, 2017, with early adoption permitted. Management elected to adopt ASU 2016-14 as of and for the year ending December 31, 2018.

SERVING PEOPLE IN NEED, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

December 31, 2018

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

**Net Assets**

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or nonexistence of restrictions on use that are placed by its donors. The two classes of net assets are as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are resources available to support the Organization’s operations. The only limits on the use of these net assets, if any, are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Support that is restricted by a donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

Net Assets With Donor Restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a specified purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature and the Organization must continue to use these resources in accordance with donor’s restrictions.

The Organization’s unspent contributions are included in this class if the donor has limited their use. When a donor’s restriction is satisfied, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

**Classification of Transactions**

All revenues are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resource for a specified purpose or for a future period. All expenses are reported as decreases in net assets without donor restrictions.

SERVING PEOPLE IN NEED, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

December 31, 2018

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

**Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amount of assets, liabilities, revenues, and expenses, as well as contingent assets and liabilities. Actual results could differ from estimates used in the preparation of financial statements.

**Revenue Recognition**

The Organization accounts for contributions in accordance with Accounting Standards of Codification (“ASC”) Topic No. 958-605 *Not-for-Profit Entities – Revenue Recognition*. In accordance with ASC 958-605, contributions received as well as unconditional promises to give are recognized in the period received. Contributions with donor-imposed restrictions are reported as increases to net assets with donor restrictions.

**Cash, Cash Equivalents and Concentration of Credit Risk**

For purposes of the Statement of Cash Flows, SPIN considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash equivalents consist of various demand deposits.

SPIN maintains its cash with commercial banks, which at times may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000. SPIN believes these funds are all maintained in high quality financial institutions which limits its risk. SPIN has not incurred losses related to carrying cash balances in excess of the FDIC insurance limits.

**Investment Securities**

Investments in marketable securities which are available for sale are carried in the financial statements at fair value. Realized and unrealized gains and losses are included in the Statement of Activities.

**Allowance for Doubtful Accounts**

SPIN uses the allowance method, if required, to determine uncollectible promises receivable. Based on management’s analysis of specific promises made, no allowance has been established.

SERVING PEOPLE IN NEED, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

December 31, 2018

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

**Property and Equipment**

Property and equipment are carried at cost. SPIN follows the practice of capitalizing all material expenditures for furniture, equipment and leasehold improvements. Maintenance and repairs are charged to expense as incurred.

Donated property and equipment are recorded as support at the estimated fair value at the date of the donation. Such donations are reported as net assets without restrictions support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions support. Absent donor stipulations regarding how long these donated assets must be maintained, SPIN reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. SPIN reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Depreciation is recorded on a straight-line basis over the estimated useful life of the related assets.

**Deferred Revenue**

Funds received in advance of program services or activities to be performed or delivered in future periods are recorded as deferred revenue in the accompanying Statement of Financial Position. Revenues relating to such advance payments are recognized as the required services or activities are performed and related exchange transaction is completed.

**Income Taxes**

SPIN is a tax-exempt organization (“other than a private foundation”) under Section 501 (c)(3) of the Internal Revenue Code and is exempt from state franchise taxes under Section 23701 (d) of the California Revenue and Taxation Code.

**Concentration of Revenues**

SPIN received 35% of its support and revenue in 2018 from government grants.

SERVING PEOPLE IN NEED, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

December 31, 2018

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

**Donated Materials and Services**

Donated materials and other non-cash contributions are reflected in the accompanying statements at the estimated market value at date of receipt. Contributions of services are recognized if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The volunteer services of SPIN do not meet these criteria and are not recognized in the financial statements.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or service are charged directly to that program or service. Costs common to multiple functions have been allocated among various functions benefited using a reasonable allocation method that is consistently applied as follows:

- Salaries, payroll taxes and employee benefits are allocated based on the time spent on each program or function.
- All other costs or expenses not directly allocated to programs or functions are allocated based on the time incurred by the Organization's management and staff employees.

General and administrative expenses include costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising expenses are expensed as incurred and are charged to the respective fundraising cost center. When the Organization incurs shared costs that are both fundraising and general and administrative, the costs are allocated based on the method described above.

**Advertising Costs**

Advertising costs are expensed as incurred. Total advertising costs for the year ended December 31, 2018 was \$24,734.

**Subsequent Events**

Management has evaluated subsequent events through May 17, 2019, the date which the financial statements were available for issue.

SERVING PEOPLE IN NEED, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

December 31, 2018

**NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31, 2018:

Furniture and equipment	\$ 46,100
Vehicles	10,000
Software	558
Leasehold improvements	<u>4,215</u>
Total	60,873
Less accumulated depreciation/amortization	<u>(52,355)</u>
	<u>\$ 8,518</u>

Depreciation expense for the year ended December 31, 2018 amounted to \$2,367.

**NOTE 4: ACCRUED PAID TIME OFF**

Accrued paid time off, included in accrued expenses, represents vacation and sick time earned by SPIN employees which has not yet been taken. The amount of accrued paid time off as of December 31, 2018 was \$11,644.

**NOTE 5: DONATED MATERIALS, ASSETS AND SERVICES**

SPIN received client support materials (food, clothing, etc.) in the amount of \$44,290 during the year ended December 31, 2018.

In addition to the donations noted above which are included in the accompanying financial statements, SPIN also received the following volunteer services from a dedicated group of volunteers.

	<u>Hours</u>
Street Service	5,327
Guided Housing	4,438
Fundraising	733
General	<u>445</u>
	<u>10,943</u>

These volunteer hours were received and utilized by SPIN during 2018, but were not reflected in the accompanying financial statement, as they did not meet the recognition criteria as required by the Financial Accounting Standards Board.

SERVING PEOPLE IN NEED, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

December 31, 2018

**NOTE 6: INVESTMENTS IN MARKETABLE SECURITIES**

During the year, SPIN received donated marketable securities in the amount of \$32,359. All donated marketable securities received during the year, including \$25,695 held at the beginning of the year, were sold during 2018. Realized and unrealized gains and losses are included in the Statement of Activities.

**NOTE 7: LIQUIDITY AND AVAILABILITY**

Financial assets without donor or other restrictions limiting their use within one year of December 31, 2018, which are available for general expenditures are as follows:

Financial assets:	
Cash and cash equivalents	\$ 427,469
Accounts receivable	46,106
Total financial assets	<u>473,575</u>
Less financial assets held to meet donor-imposed restrictions:	
Donor-restricted net assets	<u>(18,182)</u>
Amount available for general expenditures within one year	<u>\$ 455,393</u>

Based on the table above, the Organization has \$455,393 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

**NOTE 8: GOVERNMENTAL ASSISTANCE**

For the year ended December 31, 2018, revenue from governmental assistance consisted of the following:

U.S. Dept. of Housing and Urban Development – Supportive Housing Program	\$ 422,064
Federal Emergency Management Agency	<u>17,830</u>
Total	<u>\$ 439,894</u>

SERVING PEOPLE IN NEED, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

December 31, 2018

**NOTE 9: OPERATING LEASE**

On April 5, 2006, SPIN entered into a five-year lease agreement for its office location. On July 1, 2010, the lease was extended for an additional three years and then again on July 1, 2013 for an additional 3 years. A third amendment to the lease was signed beginning July 1, 2016 for an additional five-year extension through June 30, 2021. Total rent expense for the year ended December 31, 2018 was \$65,760.

Future minimum lease payments are as follows:

<u>Fiscal Year Ending</u>	
December 31, 2019	\$ 65,130
December 31, 2020	67,197
December 31, 2021	<u>34,115</u>
Total Future Minimum Lease Payments	<u>\$ 166,442</u>

**NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31, 2018 consist of the following and was restricted due to time:

Croul Family Foundation	<u>\$ 18,182</u>
	<u>\$ 18,182</u>

**NOTE 11: CONTINGENCIES**

Financial assistance from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against SPIN for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date. However, no such liabilities have arisen in any prior years.

**SERVING PEOPLE IN NEED, INC.**

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

For the Year Ended December 31, 2018

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

To the Board of Directors  
Serving People in Need, Inc.  
Costa Mesa, CA

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 Serving People in Need, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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 May 17, 2019.

**Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of 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**

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Stephens, Reidinger + Beller LLP*

Newport Beach, California  
May 17, 2019