



Financial Statements
June 30, 2020 and 2019

P.F. Bresee Foundation

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Independent Auditor's Report

Board of Directors
P.F. Bresee Foundation
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of P.F. Bresee Foundation (the Foundation) (a California nonprofit public benefit corporation), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, cash flows, and functional for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Foundation'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 Foundation'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 the Foundation 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 is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Additional Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenue by Division and Schedule of Expenses by Division are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2020, on our consideration of P.F. Bresee Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering P.F. Bresee Foundation's internal control over financial reporting and compliance.



Rancho Cucamonga, California
November 3, 2020

P.F. Bresee Foundation
Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,440,684	\$ 839,707
Accounts receivable	358,727	582,111
Prepaid expenses	27,950	18,755
Total current assets	1,827,361	1,440,573
Noncurrent Assets		
Property and equipment, net	1,812,156	1,882,630
Total assets	\$ 3,639,517	\$ 3,323,203
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 224,865	\$ 259,913
Payment Protection Program (PPP) Loan	409,300	-
Notes payable, current portion	25,021	23,980
Total current liabilities	659,186	283,893
Long-Term Liabilities		
Notes payable	179,303	204,333
Total liabilities	838,489	488,226
Net Assets		
Without donor restrictions	2,447,010	2,352,262
With donor restrictions	354,018	482,715
Total net assets	2,801,028	2,834,977
Total liabilities and net assets	\$ 3,639,517	\$ 3,323,203

P.F. Bresee Foundation
Statements of Activities
Year Ended June 30, 2020 and 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Individual support	\$ 174,793	\$ 14,541	\$ 189,334
Contributions	716,700	758,003	1,474,703
Government grants	1,437,215	-	1,437,215
Special event - Dinner Gala	172,691	50,000	222,691
In-kind donations	17,095	-	17,095
Other income	30,502	-	30,502
Assets released from restrictions	951,241	(951,241)	-
Total revenues	3,500,237	(128,697)	3,371,540
Expenses			
Administrative	320,131	-	320,131
Programming	2,765,820	-	2,765,820
Fundraising	323,522	-	323,522
Total expenses	3,409,473	-	3,409,473
Other Income			
Interest	3,984	-	3,984
Change in Net Assets	94,748	(128,697)	(33,949)
Net Assets, Beginning of Year	2,352,262	482,715	2,834,977
Net Assets, End of Year	\$ 2,447,010	\$ 354,018	\$ 2,801,028

P.F. Bresee Foundation
 Statements of Activities
 Year Ended June 30, 2020 and 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Individual support	\$ 52,915	\$ 56,363	\$ 109,278
Contributions	467,600	810,617	1,278,217
Government grants	1,398,138	-	1,398,138
Special event - Dinner Gala	211,626	-	211,626
In-kind donations	-	-	-
Other income	33,081	-	33,081
Assets released from restrictions	666,456	(666,456)	-
Total revenues	<u>2,829,816</u>	<u>200,524</u>	<u>3,030,340</u>
Expenses			
Administrative	305,736	-	305,736
Programming	2,396,380	-	2,396,380
Fundraising	331,442	-	331,442
Total expenses	<u>3,033,558</u>	<u>-</u>	<u>3,033,558</u>
Other Income			
Interest	6,113	-	6,113
Change in Net Assets	(197,629)	200,524	2,895
Net Assets, Beginning of Year, as Restated	<u>2,549,891</u>	<u>282,191</u>	<u>2,832,082</u>
Net Assets, End of Year	<u>\$ 2,352,262</u>	<u>\$ 482,715</u>	<u>\$ 2,834,977</u>

P.F. Bresee Foundation
 Statements of Cash Flows
 Year Ended June 30, 2020 and 2019

	2020	2019
Operating Activities		
Change in net assets	\$ (33,949)	\$ 2,895
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	126,890	117,971
Change in assets and liabilities		
Prepaid expenses	(9,195)	478
Accounts receivable	223,384	(130,299)
Accounts payable	(35,048)	105,437
Refundable advance - PPP	409,300	-
Net Cash Flows from Operating Activities	681,382	96,482
Investing Activities		
Purchase of property and equipment	(56,416)	(71,574)
Financing Activities		
Principal payment on payment on notes payable	(23,989)	(23,055)
Net Change in Cash and Cash Equivalents	600,977	1,853
Cash and Cash Equivalents, Beginning of Year	839,707	837,854
Cash and Cash Equivalents, End of Year	\$ 1,440,684	\$ 839,707

P.F. Bresee Foundation
 Statements of Functional Expenses
 Year Ended June 30, 2020 and 2019

	2020			
	Administrative	Programming	Fundraising	Total
Payroll	\$ 186,378	\$ 1,790,820	\$ 224,725	\$ 2,201,923
Professional fees	53,460	149,386	27,668	230,514
Interest expense	2,905	6,796	-	9,701
Insurance	2,904	26,138	-	29,042
Office supplies	10,438	14,416	733	25,587
Other supplies and emergency funds	6,168	311,879	3,588	321,635
Telephone and internet	2,077	13,413	-	15,490
Postage and printing	1,835	11,947	3,731	17,513
Equipment and maintenance	1,396	11,460	-	12,856
Transportation and meals	3,136	18,685	852	22,673
Staff development and trainings	10,923	12,779	2,825	26,527
Special event - Dinner Gala	-	147	42,305	42,452
Scholarship	-	79,490	-	79,490
Support services and activities	2,630	72,250	-	74,880
Facilities	17,101	138,104	-	155,205
In-kind donations	-	-	17,095	17,095
Depreciation	18,780	108,110	-	126,890
	<u>\$ 320,131</u>	<u>\$ 2,765,820</u>	<u>\$ 323,522</u>	<u>\$ 3,409,473</u>
Total expenses	<u>\$ 320,131</u>	<u>\$ 2,765,820</u>	<u>\$ 323,522</u>	<u>\$ 3,409,473</u>

P.F. Bresee Foundation
 Statements of Functional Expenses
 Year Ended June 30, 2020 and 2019

	2019			
	Administrative	Programming	Fundraising	Total
Payroll	\$ 160,366	\$ 1,584,733	\$ 249,174	\$ 1,994,273
Professional fees	55,124	177,626	28,866	261,616
Interest expense	2,499	7,496	-	9,995
Insurance	2,342	21,083	-	23,425
Office supplies	12,697	16,014	1,154	29,865
Other supplies and emergency funds	3,729	134,168	4,376	142,273
Telephone and internet	2,396	15,475	-	17,871
Postage and printing	4,449	10,801	635	15,885
Equipment and maintenance	26	14,414	-	14,440
Transportation and meals	7,467	24,392	1,478	33,337
Staff development and trainings	22,188	8,449	354	30,991
Special event - Dinner Gala	-	-	45,405	45,405
Scholarship	-	85,873	-	85,873
Support services and activities	335	61,505	-	61,840
Facilities	14,658	133,840	-	148,498
In-kind donations	-	-	-	-
Depreciation	17,460	100,511	-	117,971
	<u>\$ 305,736</u>	<u>\$ 2,396,380</u>	<u>\$ 331,442</u>	<u>\$ 3,033,558</u>
Total expenses	<u>\$ 305,736</u>	<u>\$ 2,396,380</u>	<u>\$ 331,442</u>	<u>\$ 3,033,558</u>

Note 1 - Organization and Summary of Significant Accounting Policies

The significant accounting policies followed by P.F. Bresee Foundation (the Foundation) are described below to enhance the usefulness of the financial statements to the reader.

Organization and Nature of Activities

The Foundation is a California nonprofit public benefit corporation chartered on November 29, 1982. The Foundation is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes and not for the private gain of any individual. The Foundation’s mission is to battle poverty by empowering youth and families in Los Angeles with the skills, resources, and relationships necessary to thrive. The Foundation envisions a diverse community of Angelenos working together to break down barriers and lead fulfilling lives. The Foundation’s work is focused on three key program areas: Youth Programs, Family Services, and Gang Reduction and Youth Development. The Youth Programs team provides comprehensive after- school programs that equip underserved youth to pursue academic excellence, achieve their full potential, and learn the value of service. Programs include Academics, Career-readiness, STEM, Arts, Athletics and Service. The Family Services team provides intensive wrap-around support for the families of the youth the Foundation serves and social and economic stability for the community at large. Programs include emergency food and rental assistance, parenting classes, academic case management, and referrals to a variety of social services. The Gang Reduction team prevents the most at-risk 10-15 year olds in the Rampart/Pico Union area from joining a gang through the Gang Reduction and Youth Development Model of Practice. Programs are tailored to the risk factors of individual students, including intensive case management, family therapy and high- quality youth development activities. All three programs connect young people and families with caring adults, serving the goal of equipping youth to overcome various community risk-factors. Administration handles accounting and personnel functions of the Foundation.

At June 30, 2020, the Board of Directors included:

<u>Name</u>	<u>Title</u>
Craig Beatty	President
Tim Martin	Vice President
Heidi Feng	Treasurer
Rob Longnecker	Secretary
Chris Garcia	Member at Large
Eddie Bader	Member at Large
Jennifer Brown	Member at Large
Lilianna Granda	Member at Large
Linda Kim	Member at Large
Rich Orosco	Member at Large
Ramon Pack III	Member at Large
Maki Villacarillo	Member at Large
Juan Fontenla	Member at Large
Mirei Claremon	Member at Large
Fidel Gomez	Member at Large
John Torres	Member at Large

Financial Statement Presentation

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-50. Under ASC 958-210-50, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Foundation is required to present statements of functional expenses and cash flows. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

Net Asset Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset types established according to their nature and purpose. Separate accounts are maintained for each net asset type; however, in the accompanying financial statements, net asset types that have similar characteristics have been combined into groups as follows:

Net Assets without Donor Restrictions - Net assets available for general use and not subject to donor restrictions. Net assets without donor restrictions represents all resources over which the Board of Directors has discretionary control for use in operating the Foundation, as well as all property, and equipment of the Foundation.

Net Assets with Donor Restrictions - Net assets that are contributions subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Public Support and Revenue

Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The Foundation reports gifts of cash or other assets in the category designated by the donor. The Foundation reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulation about where the contributions are to be spent, the Foundation reports these contributions as without donor restrictions. The Foundation records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference.

Donated Services and In-Kind Contributions

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. A number of volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Foundation to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Cash

Cash consists of cash held in checking and money market accounts with original maturities of less than 90 days. Cash accounts maintained by the Foundation are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2020, the Foundation had \$940,230 of uninsured funds.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2020, management had reviewed all accounts receivable and determined all amounts were fully collectable. No allowance for doubtful accounts has been established.

Property and Equipment

Capital purchases comprise of land, vehicles, buildings, equipment, and furniture. The Foundation maintains a unit capitalization threshold of \$2,000 and an estimated useful life of greater than one year. Assets are recorded at historical cost, or if donated estimated fair value on the date of donation, when purchased or constructed. The cost of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the related assets, which range as follow:

	<u>Years</u>
Vehicles	5
Building and land improvements	39
Equipment	3-10
Furniture and fixtures	10

Income Taxes

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and, accordingly, the Foundation's net investment income is exempt from income taxes. The Foundation has obtained a favorable tax determination letter from the IRS, and the plan sponsor believes that the Foundation, as amended, continues to qualify and to operate in accordance with applicable provisions of the IRC.

The Foundation has been classified as a publicly supported charitable organization under Section 509(a)(1) of the Internal Revenue Code and qualifies for the maximum charitable contribution deduction by donors.

Management believes that each entity has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The entities' Forms 990, 990-T and other income tax filings required by state, local, or non-U.S. tax authorities are no longer subject to tax examination for years before 2015.

Allocation of Functional Expenses

The costs of providing the various programs, fundraising, and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and operating activities benefited. Certain expenses require allocation on a reasonable basis that is consistently applied.

New Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Although the full impact of this Update on the Foundation’s financial statements has not yet been determined, the future adoption of this guidance will require the Foundation to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). ASU 2018-08 clarifies how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution, helps an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation, and modifies the simultaneous release option currently in GAAP, which allows a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that revenue is recognized. Accounting for contributions is an issue primarily for not-for-profit entities because contributions are a significant source of revenue. However, the amendments in the Update apply to all organizations that receive or make contributions of cash and other assets, including business enterprises. The amendments do not apply to transfers of assets from governments to businesses. For contributions received, ASU 2018-08 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. For contributions made, ASU 2018-08 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position comprise of the following:

Cash and cash equivalents	\$ 1,440,684
Accounts receivable	358,727
	\$ 1,799,411

Liquidity Management

To manage liquidity, the Foundation structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. Foundation management monitor daily cash balances.

Foundation management has implemented cash management procedures that include the monthly reconciliation of banked cash deposits and disbursements to related receipts and disbursement records.

Note 3 - Accounts Receivable

As of June 30, 2020 and June 30, 2019, the Foundation's account receivables balance consisted of \$358,727 and \$582,111 of grant monies, respectively.

Note 4 - Property and Equipment

Property and equipment activity for the Foundation for the fiscal year ended June 30, 2020, was as follows:

	2020	2019
Land	\$ 363,614	\$ 363,614
Building and Land Improvement	2,333,444	2,324,318
Equipment	738,876	689,986
Vehicles	131,578	133,178
Total Property and Equipment	3,567,512	3,511,096
Accumulated depreciation	(1,755,356)	(1,628,466)
	\$ 1,812,156	\$ 1,882,630

Depreciation expense for the year ended June 30, 2020 and 2019, was \$126,890 and \$117,971, respectively.

Note 5 - Net Assets with Donor Restrictions

Net assets with donor restrictions are gifts of cash restricted by the donor for a specific use or for a time in the future. As restrictions on the net assets expire due to the passage of time or satisfaction of purpose, the assets are released to assets without donor restrictions for expenditure.

Donor restricted net assets with time and/or purpose restrictions are comprised of the following:

	2020	2019
Subject to Expenditure for Specified Purpose		
Educational programs	\$ 354,018	\$ 482,715

Note 6 - Accounts Payable

As of June 30, 2020 and 2019, the Foundation's accounts payable balance of \$224,865 and \$259,913, respectively, consisted of salaries and benefits, credit card expenses, and vendor payables.

Note 7 - Notes Payable

P.F. Bresee’s \$270,000 mortgage loan, originally held by Wells Fargo Bank, was refinanced with First Citizens Bank on August 4, 2017, with a maturity date of August 4, 2027. The note bears interest at 4.10% per annum, with monthly payments of principal and interest in the amount of \$2,754.16 amortized over 10 years. As of June 30, 2020, the outstanding balance was \$204,324. The note payable will mature according to the schedule below:

Fiscal Year Ended June 30,			
2021	\$	409,300	
2022		26,081	
2023		27,186	
2024		28,325	
2025		29,538	
Thereafter		68,173	
	\$	588,603	

Note 8 - Paycheck Protection Program (PPP)

The Foundation was granted a \$409,300 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation has recorded the loan and any accrued interest as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Foundation maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. The Foundation will be required to repay any remaining balance, plus interest accrued at 1%, in monthly payments commencing upon notification of forgiveness or partial forgiveness. At June 30, 2020, the refundable advance related to PPP consists of \$409,300 in loan and \$639 in accrued interest.

Note 9 - Subsequent Events

Subsequent to year-end, the Foundation has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Foundation is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to The Foundation's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals. The Foundation evaluated their June 30, 2020, financial statements for subsequent events through November 3, 2020, the date the financial statements were available to be issued.



Supplementary Information
June 30, 2020

P.F. Bresee Foundation

P.F. Bresee Foundation
Schedule of Expenditures of Federal Awards
June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Housing and Urban Development			
CDBG - Entitlement Grants Cluster			
Passed through City of Los Angeles - Housing Community Investment Department			
Community Development Block Grants/Entitlements Grants - Wilshire FamilySource Center	14.218	C-133703	\$ 360,077
Total CDBG - Entitlement Grants Cluster			<u>360,077</u>
Total U.S. Department of Housing and Urban Development			<u>360,077</u>
U.S. Department of Education			
Passed through Los Angeles Unified School District			
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	4400002785	<u>161,345</u>
Total U.S. Department of Education			<u>161,345</u>
U.S. Department of Health and Human Services			
Passed through City of Los Angeles - Housing Community Investment Department			
Community Services Block Grant - Wilshire FamilySource Center	93.569	C-133703	<u>292,894</u>
Total U.S. Department of Health and Human Services			<u>292,894</u>
Total Federal Expenditures			<u><u>\$ 814,316</u></u>

Note 1 - Purpose of the Schedule

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the Foundation and is presented on the accrual basis of accounting. 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, or used in the preparation of, the financial statements. The Foundation has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.



Additional Supplementary Information
June 30, 2020

P.F. Bresee Foundation

P.F. Bresee Foundation
Schedule of Revenue by Division
Year Ended June 30, 2020

	Administration	Family Services	Youth Programs	Gang Reduction and Youth Development	Total
Individual support	\$ 174,793	\$ 10,482	\$ 4,059	\$ -	\$ 189,334
Contributions	746,700	227,026	500,977	-	1,474,703
Government grants	-	817,228	166,209	453,778	1,437,215
Special event - Dinner Gala	172,691	-	50,000	-	222,691
In-kind donations	17,095	-	-	-	17,095
Other income	30,502	-	-	-	30,502
Total revenues	\$ 1,141,781	\$ 1,054,736	\$ 721,245	\$ 453,778	\$ 3,371,540

P.F. Bresee Foundation
Schedule of Expenses by Division
Year Ended June 30, 2020

	Administration	Family Services	Youth Programs	Gang Reduction and Youth Development	Fundraising	Total
Payroll	\$ 186,378	\$ 606,332	\$ 802,682	\$ 381,806	\$ 224,725	\$ 2,201,923
Professional fees	53,460	115,001	28,870	5,515	27,668	230,514
Interest expense	2,905	2,266	2,265	2,265	-	9,701
Insurance	2,904	11,617	8,713	5,808	-	29,042
Office supplies	10,438	9,540	2,496	2,380	733	25,587
Other supplies and emergency funds	6,168	166,337	142,677	2,865	3,588	321,635
Telephone and internet	2,077	5,961	4,471	2,981	-	15,490
Postage and printing	1,835	4,639	4,920	2,388	3,731	17,513
Equipment and maintenance	1,396	445	10,964	51	-	12,856
Transportation and meals	3,136	5,256	11,568	1,861	852	22,673
Staff development and trainings	10,923	2,676	7,807	2,296	2,825	26,527
Special event - Dinner Gala	-	-	147	-	42,305	42,452
Scholarship	-	-	79,490	-	-	79,490
Support services and activities	2,630	10,440	33,677	28,133	-	74,880
Facilities	17,101	53,707	48,405	35,992	-	155,205
In-kind donations	-	-	-	-	17,095	17,095
Depreciation	18,780	27,003	55,514	25,593	-	126,890
Total expenses	\$ 320,131	\$ 1,021,220	\$ 1,244,666	\$ 499,934	\$ 323,522	\$ 3,409,473

Note 1 - Purpose of the Schedules

Schedule of Revenue by Division

The Schedule of Revenue by Division is presented on the full accrual basis of accounting. This information is not a required component of the financial statements, but is presented at the request of management to provide further information and analysis of the revenues of the Foundation.

Schedule of Expenses by Division

The Schedule of Revenue by Expenses is presented on the full accrual basis of accounting. This information is not a required component of the financial statements, but is presented at the request of management to provide further information and analysis of the expenses of the Foundation.



Independent Auditor's Reports
June 30, 2020

P.F. Bresee Foundation



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*

Board of Directors
P.F. Bresee Foundation
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of P.F. Bresee Foundation (the Foundation) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 3, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation’s internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
November 3, 2020



Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
P.F. Bresee Foundation
Los Angeles, California

Report on Compliance for the Major Federal Program

We have audited P.F. Bresee Foundation's (the Foundation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on P.F. Bresee Foundation's major federal programs for the year ended June 30, 2020. P.F. Bresee Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
November 3, 2020



Schedule of Findings and Questioned Costs
June 30, 2020

P.F. Bresee Foundation

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Community Development Block Grants/Entitlements Grants - Wilshire FamilySource Center	14.218
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Finding

2019-001 PRIOR PERIOD RESTATEMENT - NET ASSETS

Criteria or Specific Requirements

FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14), it is required that net assets be maintained, presented, and allocated between the following classifications: (1) Net Assets With Donor Restrictions and (2) Net Assets Without Donor Restrictions.

Condition

Material Weakness - Net assets were not appropriately classified between the assets with donor restrictions and the assets without donor restrictions. The Foundation's controls were not operating effectively to detect and prevent these misstatements to the financial statements. These misstatements resulted in a prior period restatement of the beginning net asset balances.

Questioned Costs

There were no questioned costs related to this condition.

Context

The Foundation has \$482,715 of net assets with donor restrictions.

Effect

The Foundation reclassified \$551,072 from Net Assets With Donor Restrictions to Net Assets Without Donor Restrictions.

Cause

The Foundation did not have a procedure in place to correctly reconcile those contributions that had donor restrictions.

Recommendation

A thorough, consistent review and monitoring process of the Foundation's net assets should be implemented. All restricted balances should have adequate support to substantiate the amounts at hand.

Current Status

Implemented.