



CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

**ACCESS YOUTH ACADEMY
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

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Independent Auditor's Report

To the Board of Directors
Access Youth Academy

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Access Youth Academy, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Access Youth Academy as of June 30, 2021, and the changes in their net assets and their 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 consolidated financial statements as a whole. The accompanying supplementary information on pages 18 to 19 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 January 12, 2022, on our consideration of Access Youth Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Access Youth Academy'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 Access Youth Academy's internal control over financial reporting and compliance.

Leaf & Cole LLP

San Diego, California
January 12, 2022

ACCESS YOUTH ACADEMY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Current Assets: (Notes 2, 4, 6 and 9)

Cash	\$ 1,823,498
Other receivable	59,873
Interest receivable	2,792
Contributions receivable	330,000
Prepaid expenses	31,768
Total Current Assets	2,247,931

Noncurrent Assets: (Notes 2, 4, 5, 6, 7 and 9)

Contributions receivable, net	412,807
Reserve	197,645
Note receivable	2,832,511
Property and equipment, net	11,176,328
Total Noncurrent Assets	14,619,291

TOTAL ASSETS **\$ 16,867,222**

LIABILITIES AND NET ASSETS

Current Liabilities: (Notes 2, 8 and 9)

Accounts payable	\$ 848,953
Accrued expenses	60,331
Interest payable	23,534
Deferred revenue	29,793
Current portion of loans payable	239,870
Total Current Liabilities	1,202,481

Noncurrent Liabilities: (Notes 9 and 10)

Grant payable	5,490,305
Loans payable, net	8,154,961
Total Noncurrent Liabilities	13,645,266

Total Liabilities 14,847,747

Commitments and Contingencies: (Note 12)

Net Assets: (Notes 2 and 11)

Without donor restrictions	1,002,241
With donor restrictions	1,017,234
Total Net Assets	2,019,475

TOTAL LIABILITIES AND NET ASSETS **\$ 16,867,222**

The accompanying notes are an integral part of the consolidated financial statements.

**ACCESS YOUTH ACADEMY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenue and Support:</u>			
Contributions	\$ 690,406	\$ 287,680	\$ 978,086
In-kind contributions	97,220	-	97,220
Special event revenue	74,755	-	74,755
Other revenue	59,873	-	59,873
Interest income	33,587	-	33,587
Miscellaneous income	7,429	-	7,429
Net assets released from restrictions	139,500	(139,500)	-
Total Revenue and Support	<u>1,102,770</u>	<u>148,180</u>	<u>1,250,950</u>
<u>Expenses:</u>			
Program Services	<u>689,205</u>	<u>-</u>	<u>689,205</u>
<u>Supporting Services:</u>			
Management and general	243,992	-	243,992
Fundraising	<u>150,944</u>	<u>-</u>	<u>150,944</u>
Total Supporting Services	<u>394,936</u>	<u>-</u>	<u>394,936</u>
Total Expenses	<u>1,084,141</u>	<u>-</u>	<u>1,084,141</u>
Change in Net Assets	18,629	148,180	166,809
Net Assets at Beginning of Year	<u>983,612</u>	<u>869,054</u>	<u>1,852,666</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 1,002,241</u></u>	<u><u>\$ 1,017,234</u></u>	<u><u>\$ 2,019,475</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

ACCESS YOUTH ACADEMY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and Related Expenses:				
Salaries and wages	\$ 306,447	\$ 91,934	\$ 112,364	\$ 510,745
Payroll taxes and related costs	22,901	6,870	8,397	38,168
Employee benefits	38,233	11,470	14,019	63,722
Total Salaries and Related Expenses	<u>367,581</u>	<u>110,274</u>	<u>134,780</u>	<u>612,635</u>
Nonsalary Related Expenses:				
Depreciation	803	241	294	1,338
Dues and memberships	1,680	7,358	-	9,038
Facilities	2,730	-	-	2,730
Fees and other	34,000	-	-	34,000
Insurance	-	8,150	-	8,150
Interest	241,808	-	-	241,808
Marketing and development	9,591	3,281	4,336	17,208
Miscellaneous	2,267	7,457	1,054	10,778
Payroll processing fees	-	1,536	-	1,536
Phase 2 and 3	1,150	-	-	1,150
Postage and mailing service	32	499	-	531
Printing and copying	776	776	-	1,552
Professional fees	12,002	79,766	-	91,768
Rent	-	11,030	-	11,030
SAT preparation	98	-	-	98
Special events	4,433	1,500	10,480	16,413
Squash club software and equipment	4,121	-	-	4,121
Staff development and training	544	930	-	1,474
Summer camps	1,006	-	-	1,006
Supplies	82	9,863	-	9,945
Telephone	-	1,316	-	1,316
Travel	25	15	-	40
Uniforms and equipment	4,476	-	-	4,476
Total Nonsalary Related Expenses	<u>321,624</u>	<u>133,718</u>	<u>16,164</u>	<u>471,506</u>
Total Expenses	<u>\$ 689,205</u>	<u>\$ 243,992</u>	<u>\$ 150,944</u>	<u>\$ 1,084,141</u>

The accompanying notes are an integral part of the consolidated financial statements.

**ACCESS YOUTH ACADEMY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Cash Flows From Operating Activities:</u>	
Change in net assets	\$ 166,809
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	1,338
Amortization of debt issuance costs	15,121
(Increase) Decrease in:	
Other receivable	(59,773)
Contributions receivable, net	(137,817)
Prepaid expenses	(9,680)
Increase (Decrease) in:	
Accounts payable	(6,160)
Accrued expenses	29,238
Interest payable	1,128
Deferred revenue	(42,307)
Net Cash Used in Operating Activities	<u>(42,103)</u>
<u>Cash Flows From Investing Activities:</u>	
Purchase of property and equipment	<u>(7,612,524)</u>
Net Cash Used in Investing Activities	<u>(7,612,524)</u>
<u>Cash Flows From Financing Activities:</u>	
Proceeds from loan payable	863,477
Proceeds from grant payable	5,490,305
Net Cash Provided by Financing Activities	<u>6,353,782</u>
Net Decrease in Cash and Restricted Cash	(1,300,845)
Cash and Restricted Cash at Beginning of Year	<u>3,321,988</u>
CASH AND RESTRICTED CASH AT END OF YEAR	\$ <u><u>2,021,143</u></u>
<u>Supplemental Disclosure of Cash Flow Information:</u>	
Cash paid for interest, net of capitalized interest (Note 2)	\$ <u><u>225,559</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1 - Organization:

Access Youth Academy (“AYA”) is a 501(c)(3) nonprofit organization that was incorporated in 2005 in California. AYA’s principal mission is to transform lives of underserved youth through academic enrichment, health and wellness, social responsibility and leadership through squash. AYA uses the sport of squash as a catalyst to transform the lives of underserved youth.

AYA provides comprehensive afterschool programming for underprivileged youth via our four pillar approach of academic enrichment, health and wellness, community service, and leadership, through the sport of squash. The mission of AYA is to ensure student success throughout high school and that each student earns a college degree, receiving the greatest amount of scholarship and financial aid possible.

AYA dedicates 12 years to the students starting in 7th grade and supporting them through college and as they begin their career path. AYA works with a total of 14 partner school in the San Diego Area. All AYA students are low-income youth from the most underserved communities of San Diego County and are predominantly first-generation college bound.

Since 2016, AYA has been planning the construction of a new facility to blends sports, academics, and business activities in one location (the “Project”). In 2017, AYA acquired land and began the design phase of construction. Funding for the Project was secured from multiple sources and the funders required that a separate corporation hold the land and the building. Therefore, a new California 501(c)(3) nonprofit public benefit corporation was formed in 2019, Access Support Corporation (“ASC”) to be operated at all times exclusively for the benefit of, to perform the functions of, and/or to carry out the purposes of AYA. In 2020, ASC acquired the land from AYA at the financial closing date of February 7, 2020. ASC will complete construction of the Project and has begun leasing the Project to AYA.

Construction of the new facility constitutes a “qualified active low-income community business” defined in Section 45D of the Internal Revenue Code of 1986, as amended (the “Code”) and was financed with qualified low-income community investment loans from Civic San Diego Growth and Neighborhood Investment Fund Sub-CDE XII, LLC (“Sub-CDE”) and generating New Market Tax Credit financing.

AYA and ASC closed on the first tranche of New Market Tax Credit financing with Civic San Diego (aka Civic Community Partners) providing the New Market Tax Credit Allocation. AYA, as Leverage Lender, and USBank CDC, as the New Markets Tax Credit Investor, have executed a put and call option agreement in connection with each of Twain Investment Fund 389, LLC (the 99.99% owner of Civic San Diego Growth and Neighborhood Investment Fund Sub-CDE XII, LLC) and Twain Investment Fund 607, LLC (the 99.99% owner of CCP NMTC Sub-CDE XVII, LLC).

Note 2 - Significant Accounting Policies:

Consolidated Financial Statements

The consolidated financial statements include the accounts of the Access Youth Academy and Access Support Corporation, which are collectively referred to as the “Organization”. All material intercompany transactions have been eliminated in consolidation.

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2 - Significant Accounting Policies: (Continued)

Accounting Method

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

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 thereon 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

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

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The Organization had no financial instruments at June 30, 2021.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all other and contributions receivable are fully collectible; therefore, no allowance for doubtful other and contributions receivable was recorded at June 30, 2021.

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2 - Significant Accounting Policies: (Continued)

Capitalization and Depreciation

The Organization capitalizes all expenditures in excess of \$5,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions 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 support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment is depreciated using the straight-line method over the estimated useful lives as follows:

Furniture and fixtures	5 - 10 years
------------------------	--------------

Depreciation totaled \$1,338 for the year ended June 30, 2021.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property and equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale and any resultant gain or loss is recorded as income or expense.

Interest totaling \$39,400 has been capitalized for the year ended June 30, 2021.

Impairment of Real Estate

The Organization reviews its investment in real estate for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized for the year ended June 30, 2021.

Debt Issuance Costs

Debt issuance costs are incurred in order to obtain financing for the Organization. Debt issuance costs are amortized on a straight-line basis over the term of the related loan, which approximates the interest method. Unamortized debt issuance costs are presented as a direct reduction from the carrying value of the related obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and totaled \$15,121 for the year ended June 30, 2021.

Compensated Absences

Accumulated unpaid vacation benefits totaling \$35,166 at June 30, 2021 is accrued when incurred and included in accrued expenses.

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2 - Significant Accounting Policies: (Continued)

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are 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. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Special event revenue is recorded as revenue in the period that the event occurs.

Donated Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and various committee assignments. This contribution of services by the volunteers is not recognized in the consolidated financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services by volunteers for the year ended June 30, 2021, did not meet the requirements above; therefore, no amounts were recognized in the consolidated financial statements for volunteer time.

Functional Allocation of Expenses

The consolidated statement of functional expenses presents expenses by function and natural classification. The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Organization's management.

Income Taxes

AYA and ASC are public charities and are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. AYA and ASC believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements. AYA and ASC are not a private foundations.

AYA's Return of Organization Exempt from Income Tax for the years ended June 30, 2021, 2020, 2019 and June 30, 2018 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

ASC's Return of Organization Exempt from Income Tax for the years ended June 30, 2021 and 2020, are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2 - Significant Accounting Policies: (Continued)

Concentration of Credit Risk

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

Cash and Cash Equivalents and Restricted Cash

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Certificates of deposits that may be redeemed without a significant penalty are considered cash and cash equivalents regardless of the maturity. The Organization had no cash equivalents at June 30, 2021. The following is a reconciliation of cash and restricted reserve reported within the consolidated statement of financial position that sum to the total in the consolidated statement of cash flows at June 30, 2021:

Cash	\$ 1,823,498
Reserve	197,645
Total Cash and Restricted Cash	\$ 2,021,143

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 12, 2022, the date the consolidated financial statements were available to be issued and concluded that there were no events or transactions that needed to be disclosed except as disclosed in Note 13.

Note 3 - Liquidity and Availability:

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

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

Cash	\$ 1,823,498
Other receivable	59,873
Contributions receivable - Current	330,000
Total financial assets	2,213,371
Less: Assets unavailable for general expenditures:	
Cash - Capital construction	(1,344,126)
Contributions receivable - Capital campaign	(85,000)
Total financial assets not available to be used within one year	(1,429,126)
Financial assets available to meet cash needs for general expenditures within one year	\$ 784,245

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 3 - Liquidity and Availability: (Continued)

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates generating sufficient operating income to cover general expenditures.

Note 4 - Contributions Receivable:

Contributions receivable consist of the following at June 30, 2021:

Receivables due in less than one year	\$ 330,000
Total Current	330,000
Receivables due in one to five years	415,500
Less: Discount	(2,693)
Total Noncurrent	412,807
Total Contributions Receivable, Net	\$ 742,807

The contributions receivable have been discounted to their present value using a discount rate ranging from 0.29% to 1.76% for the year ended June 30, 2021.

Note 5 - Reserve:

The Organization is required to fund a reserve (“Reserve Account”) beginning February 2020, in the original amount of \$238,000 for payment of the Operating Expense Reimbursement and Asset Management Fee Reimbursement. The Reserve Account is held in a non-interest bearing account at US Bank National Association. Withdrawals from the Reserve Account are to be made in accordance with the loan agreement for the payment of the Operating Expense Reimbursement and Asset Management Fee Reimbursement (Note 8).

Balance, Beginning of Year	\$ 231,667
Add: Interest	18
Less: Asset management fee reimbursement	(34,000)
Fees	(40)
Balance, End of Year	\$ 197,645

Note 6 - Note Receivable:

The note receivable from Twain Investment Fund 389, LLC in the original amount of \$2,832,511 bears interest at 1.183% compounded annually. Interest is payable quarterly. Principal and accrued interest are due February 7, 2027. Accrued interest totaled \$2,792 at June 30, 2021.

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 7 - Property and Equipment:

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

Furniture and fixtures	\$ 107,277
Construction in progress	<u>11,075,814</u>
Subtotal	11,183,091
Less: Accumulated depreciation	<u>(6,763)</u>
Property and Equipment, Net	<u><u>\$ 11,176,328</u></u>

Note 8 - Fees:

Operating Expense Reimbursement

Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE XII, LLC (the “Lender”) is entitled to reimbursement of Lender’s annual expenses (“Operating Expense Reimbursement”) in the amount of \$14,000 beginning February 7, 2020 and on March 1 of each year commencing March 1, 2021 and continuing through and including March 1, 2026. Fees are to be paid from the Reserve Account (Note 5). On each March 1 thereafter, commencing March 1, 2028, fees are calculated based on the fraction of outstanding balance of the loan over the original loan balance of \$3,940,000. Operating Expense Reimbursement fees earned and paid totaled \$14,000 for the year ended June 30, 2021.

Asset Management Fees

Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE XII, LLC (the “Lender”) is entitled to reimbursement of Lender’s Asset Management Fees of \$1,333 on March 1, 2020 and \$5,000 on each March 1, June 1, September 1 and December 1, commencing June 1, 2020 and continuing through and including December 1, 2026. Fees are to be paid from the Reserve Account (Note 5). On the 7th anniversary of the date of the loan agreement, the Organization is to pay the Lender \$3,667 and beginning March 1, 2027, on each March 1, June 1, September 1 and December 1, fees are calculated based on the fraction of outstanding balance of the loan over the original balance of \$3,940,000 for so long as the loans are outstanding. Asset management fees earned totaled \$20,000 of which \$1,667 remains payable and is included in accrued expenses.

Note 9 - Loans Payable:

Loans payable consists of the following at June 30, 2021:

Access Youth Academy

Loan payable to Low Income Investment Fund in the original amount of \$3,914,530 with interest accruing at the rate of 6.0% per annum. Quarterly interest only payments are due on the outstanding principal balance of the loan through September 15, 2021, then beginning on December 15, 2021 quarterly principal and interest payments are due on the outstanding principal balance through February 2027. Principal and interest are due and payable on February 7, 2027. Secured. Accrued interest payable totaled \$19,507 at June 30, 2021.

\$ 3,901,337

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 9 - Loans Payable: (Continued)

Access Support Corporation

Loan payable to Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE XII, LLC in the original amount of \$2,832,511 (Note A) with interest accruing at the rate of 1.0% per annum. Quarterly interest only payments are due on the outstanding principal balance of the loan through December 1, 2026. Principal and interest are due and payable on February 7, 2027. Secured by deed of trust. Accrued interest payable totaled \$2,360 at June 30, 2021. \$ 2,832,511

Loan payable to Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE XII, LLC in the original amount of \$1,107,489 (Note B) with interest accruing at the rate of 1.0% per annum. Quarterly interest only payments are due on the outstanding principal balance of the loan through December 1, 2027. Commencing on March 1, 2028, principal and interest in the amount of \$11,714 are payable through December 1, 2054. Secured. Accrued interest payable totaled \$923 at June 30, 2021. 1,107,489

Loan payable to Low Income Investment Fund in the original amount of \$1,585,470 with interest accruing at the rate of 6.0% per annum. Quarterly interest only payments are due on the outstanding principal balance of the loan through September 1, 2021, then beginning December 1, 2021 quarterly principal and interest payments are due on the outstanding principal balance through February 7, 2027. Loan was increased to \$1,785,470 in June 2021. Principal and interest are due and payable February 7, 2027. Secured by deed of trust. Accrued interest payable totaled \$744 at June 30, 2021. 637,918

Total		8,479,255
Less: Unamortized debt issuance costs		(84,424)
Current portion of loans payable		(239,870)
Total Loans Payable, Net		\$ 8,154,961

Debt issuance costs total \$105,845, less accumulated amortization of \$21,421 at June 30, 2021.

The future principal payments on the loans payable are as follows:

Years Ended June 30		
2022	\$	239,870
2023		1,435,802
2024		237,495
2025		1,187,891
2026		303,307
Thereafter		5,074,890
Total	\$	8,479,255

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 10 - Grant Payable:

On January 30, 2020 the Organization signed a Community Development Block Grant Program Subrecipient Agreement (“Agreement”) with the City of San Diego (“City”) to provide up to \$5.5 million of Community Development Block Grant (“CDBG”) funds to the Organization to pay a portion of the costs of improvements for the construction of a youth educational facility, (“Project”) located at 704 Euclid Avenue in San Diego. The granting of the CDBG funds is in the vital and best interests of the City and the health, safety and welfare of City residents. The agreement shall commence on the agreement date, bears no interest and is not required to be repaid as long as the Project continues for a term of five years. The Organization entered into a Declaration Agreement to assure the City of the use of the Project for the intended use for at least five years after the Organization’s improvement of the Project with the grant funds received. Grant payable totaled \$5,490,305 at June 20, 2021.

Note 11 - Net Assets With Donor Restrictions:

Net assets with donor restrictions represent contributions received or receivable by the Organization, which are limited in their use by time or donor-imposed restrictions. Net assets with donor restrictions are available for the following purpose at June 30, 2021:

Subject to Expenditure for Specified Purpose:

Programs	\$ 375,297
Capital	335,000
Furnishings	28,800
SAT prep courses	4,047
Staff development	1,283
Total Subject to Specified Purpose	744,427

Subject to Passage of Time:

Contributions receivable, net	272,807
Total Subject to the Passage of Time	272,807
Total Net Assets With Donor Restrictions	\$ 1,017,234

No assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors for the year ended June 30, 2021.

Note 12 - Commitments and Contingencies:

Pension Plan

The Organization has a 401(k) salary deferral and profit sharing plan (“the Plan”) that is offered to all eligible employees, whereby employees may, on a pretax basis, contribute a portion of their earnings to a retirement account. the Organization may also make annual contributions at its discretion to the Plan. Contributions made by the Organization to the Plan totaled \$11,228 for the year ended June 30, 2021.

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 12 - Commitments and Contingencies: (Continued)

Leases

The Organization leased administrative offices under an operating lease through January 2020 and remained on a month-to-month basis through June 30, 2020.

The squash and academic programs are located on the campus of University of California San Diego under a lease agreement with UC Regents. The lease for the use of the squash courts and classrooms is calculated monthly based on usage and varies from \$1,000 to \$2,000 per month. The Organization operated virtually for and did not have any usage for the year ended June 30, 2021.

Paycheck Protection Program Loan

In April 2020, the Organization received a loan totaling \$72,100 from the U.S. Small Business Administration, under the CARES Act Paycheck Protection Program (“PPP”). The loan is forgivable to the extent that the Organization meets the terms and conditions of the PPP. Any portion of the loan that is not forgiven bears interest at 1%, and is due in April 2022. The Organization has recognized \$72,100 as revenue for the year ended June 30, 2021, due to forgiveness being granted by the U.S. Small Business Administration.

Consolidated Appropriations Act Paycheck Protection Program

In February 2021, the Organization received a loan totaling \$62,800 from the U.S. Small Business Administration under the CARES Act Paycheck Protection Program (“PPP2”). The loan is forgivable to the extent that the Organization meets the terms and conditions of the PPP2. Any portion of the loan that is not forgiven bears interest at 1% and is due February 2026. The Organization has recognized the \$62,800 as revenue for the year ended June 30, 2021 due to forgiveness being granted by the U.S. Small Business Administration.

Coronavirus Pandemic Contingency

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization’s donors, employees, and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization’s financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

ACCESS YOUTH ACADEMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 13 - Subsequent Event:

On December 10, 2021, the Organization completed an additional New Market Tax Credit (NMTC) financing transaction. This second tranche of financing resulted in the Organization obtaining two new loans in the amounts of \$5,491,760 and \$1,723,240 totaling \$7,215,000. The terms for both notes are similar. The notes require interest only payments from March 1, 2022 to December 1, 2029 at which time principal amortization begins over a remaining term of 27 years. The interest rate on both notes is 1%.

Related to the second NMTC tranche, Twain Investment Fund 607, LLC received a tax credit equity investment from USBank CDC, as NMTC Investor and a \$5,491,760 leverage loan from AYA. This \$5,491,760 will be reflected as a note receivable as was the case the first NMTC tranche as outlined in Note 6.

The proceeds from the loan of \$1,723,240 were used to fund a working capital reserve of \$190,000, to reduce the loan principal and interest due to Low Income Investment Fund by \$900,892, to fund loan related reserve accounts in the amount of \$360,442 and to cover various debt issuance costs totaling approximately \$271,906.

The Low Income Investment Fund (LIIF) note outlined in Note 9 had a \$1,000,000 principal payment due December 31, 2022. LIIF allowed AYA to use a portion of the principal payment above to reduce this December 31, 2022 principal payment due to \$132,188 reducing the principal payment required in the fiscal year ending June 30, 2023.

ACCESS YOUTH ACADEMY
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

	Access Youth Academy	Access Support Corporation	Eliminations	Consolidated
<u>Current Assets:</u>				
Cash	\$ 493,390	\$ 1,330,108	\$ -	\$ 1,823,498
Other receivable	59,873	-	-	59,873
Interest receivable	2,792	-	-	2,792
Contributions receivable	330,000	-	-	330,000
Prepaid expenses	14,143	17,625	-	31,768
Total Current Assets	<u>900,198</u>	<u>1,347,733</u>	<u>-</u>	<u>2,247,931</u>
<u>Noncurrent Assets:</u>				
Contributions receivable, net	412,807	-	-	412,807
Reserve	-	197,645	-	197,645
Note receivable	2,832,511	-	-	2,832,511
Property and equipment, net	100,514	11,075,814	-	11,176,328
Total Noncurrent Assets	<u>3,345,832</u>	<u>11,273,459</u>	<u>-</u>	<u>14,619,291</u>
TOTAL ASSETS	\$ <u>4,246,030</u>	\$ <u>12,621,192</u>	\$ <u>-</u>	\$ <u>16,867,222</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u>				
Accounts payable	\$ 28,025	\$ 820,928	\$ -	\$ 848,953
Accrued expenses	58,664	1,667	-	60,331
Interest payable	19,507	4,027	-	23,534
Deferred revenue	29,793	-	-	29,793
Current portion of loans payable	50,925	188,945	-	239,870
Total Current Liabilities	<u>186,914</u>	<u>1,015,567</u>	<u>-</u>	<u>1,202,481</u>
<u>Noncurrent Liabilities:</u>				
Grant payable	5,490,305	-	-	5,490,305
Loans payable	3,765,988	4,388,973	-	8,154,961
Total Noncurrent liabilities	<u>9,256,293</u>	<u>4,388,973</u>	<u>-</u>	<u>13,645,266</u>
Total Liabilities	<u>9,443,207</u>	<u>5,404,540</u>	<u>-</u>	<u>14,847,747</u>
<u>Net Assets:</u>				
Without donor restrictions	(6,064,411)	7,066,652	-	1,002,241
With donor restrictions	867,234	150,000	-	1,017,234
Total Net Assets	<u>(5,197,177)</u>	<u>7,216,652</u>	<u>-</u>	<u>2,019,475</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>4,246,030</u>	\$ <u>12,621,192</u>	\$ <u>-</u>	\$ <u>16,867,222</u>

**ACCESS YOUTH ACADEMY
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Access Youth Academy</u>	<u>Access Support Corporation</u>	<u>Eliminations</u>	<u>Total</u>
<u>Revenue and Support:</u>				
Contributions	\$ 978,086	\$ 5,512,477	\$ (5,512,477)	\$ 978,086
In-kind contributions	78,580	18,640	-	97,220
Special event revenue	74,755	-	-	74,755
Other revenue	59,873	-	-	59,873
Interest income	33,511	76	-	33,587
Miscellaneous income	7,429	-	-	7,429
Total Revenue and Support	<u>1,232,234</u>	<u>5,531,193</u>	<u>(5,512,477)</u>	<u>1,250,950</u>
<u>Expenses:</u>				
Program Services	<u>6,167,682</u>	<u>34,000</u>	<u>(5,512,477)</u>	<u>689,205</u>
Supporting Services:				
Management and general	235,601	8,391	-	243,992
Fundraising	150,944	-	-	150,944
Total Supporting Services	<u>386,545</u>	<u>8,391</u>	<u>-</u>	<u>394,936</u>
Total Expenses	<u>6,554,227</u>	<u>42,391</u>	<u>(5,512,477)</u>	<u>1,084,141</u>
Change in Net Assets	(5,321,993)	5,488,802	-	166,809
Net Assets at Beginning of Year	<u>124,816</u>	<u>1,727,850</u>	<u>-</u>	<u>1,852,666</u>
NET ASSETS AT END OF YEAR	<u>\$ (5,197,177)</u>	<u>\$ 7,216,652</u>	<u>\$ -</u>	<u>\$ 2,019,475</u>

**ACCESS YOUTH ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grants/Pass-Through Grantor Program Title	Assistance Listing Number	Agency or Pass-Through Number	Passed Through to Subrecipient	Federal Expenditures
U.S. Department of Housing and Urban Development:				
Pass-Through Programs:				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218			
City of San Diego		N/A	\$ -	\$ 5,490,305
Total Community Development Block Grants/Entitlement Grants			-	5,490,305
Total CDBG - Entitlement Grants Cluster			-	5,490,305
Total U.S. Department of Housing and Urban Development			-	5,490,305
Total Expenditures of Federal Awards			\$ -	\$ 5,490,305

Note 1 - Basis of Presentation:

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

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 contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Access Youth Academy has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

Note 3 - Capital Grant:

Assistance Listing Number	Program Name	Grant Outstanding June 30, 2020	Awarded for the Year Ended June 30, 2021	Principal Repaid for the Year Ended June 30, 2021	Grant Outstanding June 30, 2021
14.218	Community Development Block Grants/Entitlement Grants	\$ -	\$ 5,490,305	\$ -	\$ 5,490,305

**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
Access Youth Academy

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to consolidated financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Access Youth Academy, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated January 12, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Access Youth Academy’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 opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Access Youth Academy’s internal control. Accordingly, we do not express an opinion on the effectiveness of Access Youth Academy’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s consolidated 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 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 Access Youth Academy's consolidated 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 consolidated 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 Access Youth Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Access Youth Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Leaf & Cole LLP

San Diego, California
January 12, 2022

**Independent Auditor’s Report on Compliance
for the Major Program and on Internal Control Over
Compliance Required by the Uniform Guidance**

To the Board of Directors
Access Youth Academy

Report on Compliance for the Major Federal Program

We have audited Access Youth Academy’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Access Youth Academy’s major federal program for the year ended June 30, 2021. Access Youth Academy’s major federal program is 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 program.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for Access Youth Academy’s major federal program 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 Access Youth Academy’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 Access Youth Academy’s compliance.

Opinion on the Major Federal Program

In our opinion, Access Youth Academy 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 program for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Access Youth Academy 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 Access Youth Academy'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 Access Youth Academy's internal control over compliance.

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

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

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

Leaf & Cole LLP

San Diego, California
January 12, 2022

**ACCESS YOUTH ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

Material weakness identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiencies identified?	_____	Yes	_____ <u>X</u> _____	No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

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

Internal control over major program:

Material weakness identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiencies identified?	_____	Yes	_____ <u>X</u> _____	No

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

Identification of major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	<u>CDBG-Entitlement Grants Cluster:</u> Community Development Block Grants/ Entitlement Grants

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

Auditee qualified as low-risk auditee? _____ Yes X No

Section II - Financial Statement Findings:

None

Section III - Federal Award Findings and Questioned Costs:

None