



HELPLINE YOUTH COUNSELING, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2022 AND 2021**



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**HELPLINE YOUTH COUNSELING, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS	5
STATEMENTS OF FUNCTIONAL EXPENSES	7
STATEMENTS OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10
SUPPLEMENTARY INFORMATION	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	21
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE	23
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	26
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	27
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	28



INDEPENDENT AUDITORS' REPORT

Board of Directors
Helpline Youth Counseling, Inc.
Whittier, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Helpline Youth Counseling, Inc. (a California corporation, the Organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Helpline Youth Counseling, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Helpline Youth Counseling, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Helpline Youth Counseling, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Helpline Youth Counseling, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Helpline Youth Counseling, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

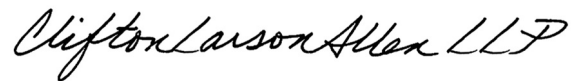
Supplementary Information

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

Board of Directors
Helpline Youth Counseling, Inc.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2023, on our consideration of Helpline Youth Counseling, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Helpline Youth Counseling, Inc.'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 Helpline Youth Counseling, Inc.'s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Pasadena, California
March 28, 2023

HELPLINE YOUTH COUNSELING, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,170,019	\$ 1,444,104
Contributions Receivable, Net	2,023,533	1,685,881
Prepaid Expenses and Other Assets	110,131	103,855
Total Current Assets	3,303,683	3,233,840
NONCURRENT ASSETS		
Property and Equipment, Net	87,504	135,352
Deposits	13,340	13,340
Total Noncurrent Assets	100,844	148,692
Total Assets	\$ 3,404,527	\$ 3,382,532
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 109,226	\$ 97,775
Accrued Expenses	633,286	670,551
Contract Advances and Deposits	627,613	19,670
PPP Loan	-	705,221
Total Liabilities	1,370,125	1,493,217
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without Donor Restrictions		
Undesignated	1,383,773	1,273,109
Board-Designated Operating Reserve	196,487	186,387
Total	1,580,260	1,459,496
With Donor Restrictions	454,142	429,819
Total Net Assets	2,034,402	1,889,315
Total Liabilities and Net Assets	\$ 3,404,527	\$ 3,382,532

See accompanying Notes to Financial Statements.

HELPLINE YOUTH COUNSELING, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Governmental Contributions	\$ 10,008,848	\$ -	\$ 10,008,848
Grants and Contributions	331,500	458,500	790,000
Management Fees	276,000	-	276,000
Fundraising Events, Net of Expenses of \$14,253	66,402	-	66,402
Miscellaneous	60,375	-	60,375
In-Kind Contributions	53,895	-	53,895
Interest Income	480	-	480
Net Assets Released from Restriction	<u>434,177</u>	<u>(434,177)</u>	<u>-</u>
Total Support and Revenue	11,231,677	24,323	11,256,000
EXPENSES			
Program Services	10,003,097	-	10,003,097
Support Services	898,601	-	898,601
Fundraising and Donations	<u>209,215</u>	<u>-</u>	<u>209,215</u>
Total Expenses	<u>11,110,913</u>	<u>-</u>	<u>11,110,913</u>
CHANGE IN NET ASSETS	120,764	24,323	145,087
Net Assets - Beginning of Year	<u>1,459,496</u>	<u>429,819</u>	<u>1,889,315</u>
NET ASSETS - END OF YEAR	<u>\$ 1,580,260</u>	<u>\$ 454,142</u>	<u>\$ 2,034,402</u>

See accompanying Notes to Financial Statements.

HELPLINE YOUTH COUNSELING, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Governmental Contributions	\$ 7,950,956	\$ -	\$ 7,950,956
Grants and Contributions	117,230	571,007	688,237
Management Fees	207,000	-	207,000
Fundraising Events, Net of Expenses of \$9,904	26,414	-	26,414
Miscellaneous	106	-	106
In-Kind Contributions	39,843	-	39,843
Interest Income	745	-	745
Gain from Debt Forgiveness	318,854	-	318,854
Net Assets Released from Restriction	653,013	(653,013)	-
Total Support and Revenue	<u>9,314,161</u>	<u>(82,006)</u>	<u>9,232,155</u>
EXPENSES			
Program Services	7,644,956	-	7,644,956
Support Services	1,062,094	-	1,062,094
Fundraising and Donations	192,591	-	192,591
Total Expenses	<u>8,899,641</u>	<u>-</u>	<u>8,899,641</u>
CHANGE IN NET ASSETS	414,520	(82,006)	332,514
Net Assets - Beginning of Year	<u>1,044,976</u>	<u>511,825</u>	<u>1,556,801</u>
NET ASSETS - END OF YEAR	<u>\$ 1,459,496</u>	<u>\$ 429,819</u>	<u>\$ 1,889,315</u>

See accompanying Notes to Financial Statements.

HELPLINE YOUTH COUNSELING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services	Support Services	Fundraising	Total
Salaries and Other Related Expenses:				
Salaries	\$ 7,122,221	\$ 633,086	\$ 158,272	\$ 7,913,579
Payroll Taxes	542,355	48,210	12,052	602,617
Employee Benefits	535,492	47,599	11,900	594,991
Total Salaries and Other Related Expenses	<u>8,200,068</u>	<u>728,895</u>	<u>182,224</u>	<u>9,111,187</u>
Other Expenses:				
Audit and Accounting	25,657	2,281	570	28,508
Bank Service Charges	7,823	695	174	8,692
Consultant	256,178	22,772	5,693	284,643
Employee Mileage	32,613	2,899	725	36,237
Equipment and Furniture	37,216	3,308	827	41,351
Medical Supplies	48,505	4,312	1,078	53,895
Insurance	43,494	3,866	967	48,327
Interest	-	3,182	-	3,182
Office Supplies	26,409	2,347	587	29,343
Other	50,698	4,506	1,127	56,331
Postage	1,858	166	41	2,065
Printing and Recruitment	64,396	5,724	1,431	71,551
Program	652,154	16,376	1,415	669,945
Rent and Occupancy	289,570	25,739	6,435	321,744
Taxes and Licenses	11,314	1,006	251	12,571
Telecommunications	106,872	9,500	2,375	118,747
Training and Conference	48,919	4,348	1,087	54,354
Utilities	99,353	8,831	2,208	110,392
Total Other Expenses	<u>1,803,029</u>	<u>121,858</u>	<u>26,991</u>	<u>1,951,878</u>
Total Expenses Before Depreciation	10,003,097	850,753	209,215	11,063,065
Depreciation	<u>-</u>	<u>47,848</u>	<u>-</u>	<u>47,848</u>
Total Expenses	<u>\$ 10,003,097</u>	<u>\$ 898,601</u>	<u>\$ 209,215</u>	<u>\$ 11,110,913</u>

See accompanying Notes to Financial Statements.

HELPLINE YOUTH COUNSELING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services	Support Services	Fundraising	Total
Salaries and Other Related Expenses:				
Salaries	\$ 5,521,293	\$ 678,728	\$ 141,554	\$ 6,341,575
Payroll Taxes	406,819	50,010	10,430	467,259
Employee Benefits	458,080	56,311	11,744	526,135
Total Salaries and Other Related Expenses	6,386,192	785,049	163,728	7,334,969
Other Expenses:				
Audit and Accounting	23,508	2,890	602	27,000
Bank Service Charges	4,560	561	117	5,238
Consultant	214,015	26,309	5,487	245,811
Employee Mileage	16,042	1,972	411	18,425
Equipment and Furniture	65,902	8,101	1,690	75,693
Insurance	42,747	5,255	1,096	49,098
Interest	-	8,482	-	8,482
Office Supplies	26,318	3,235	675	30,228
Other	31,859	3,916	817	36,592
Postage	2,391	294	61	2,746
Printing and Recruitment	14,062	1,729	361	16,152
Program	338,491	117,239	5,270	461,000
Rent and Occupancy	254,132	31,240	6,515	291,887
Taxes and Licenses	4,855	597	124	5,576
Telecommunications	81,200	9,982	2,082	93,264
Training and Conference	46,396	5,703	1,189	53,288
Utilities	92,286	11,345	2,366	105,997
Total Other Expenses	1,258,764	238,850	28,863	1,526,477
Total Expenses Before Depreciation	7,644,956	1,023,899	192,591	8,861,446
Depreciation	-	38,195	-	38,195
Total Expenses	\$ 7,644,956	\$ 1,062,094	\$ 192,591	\$ 8,899,641

See accompanying Notes to Financial Statements.

**HELPLINE YOUTH COUNSELING, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 145,087	\$ 332,514
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Gain from PPP Loan Forgiveness	-	(318,854)
Depreciation	47,848	38,195
Effects of Changes in Assets and Liabilities:		
Contributions Receivable	(337,652)	(785,110)
Prepaid Expenses and Other Assets	(6,276)	356
Deposits	-	(2,038)
Accounts Payable	11,451	32,308
Accrued Expenses	(37,265)	187,200
Contract Advances and Deposits	607,943	6,030
Net Cash Provided (Used) by Operating Activities	<u>431,136</u>	<u>(509,399)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	<u>-</u>	<u>(94,488)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on PPP Loan	<u>(705,221)</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(274,085)</u>	<u>(603,887)</u>
Cash and Cash Equivalents - Beginning of Year	<u>1,444,104</u>	<u>2,047,991</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,170,019</u></u>	<u><u>\$ 1,444,104</u></u>

See accompanying Notes to Financial Statements.

HELPLINE YOUTH COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 ORGANIZATION

Helpline Youth Counseling, Inc. (the Organization) is incorporated pursuant to the general nonprofit corporation laws of California and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and state income taxes under Section 23701d of the California Franchise Tax Board.

Helpline Youth Counseling, Inc. provides a comprehensive continuum of counseling, education, prevention, intervention, economic development, and community organizing programs to at-risk, low-income children, youth, and families with a focus on reducing child abuse and neglect, family and domestic violence, juvenile delinquency, substance abuse, and the onset of mental health issues while at the same time building protective factors within families and improving individual and family well-being. To achieve this purpose, the Organization works to improve or influence the effectiveness of (1) the family unit through intensive case management, youth and family counseling, group counseling, and supportive services including parent effectiveness training workshops, conflict resolution training, and assistance with accessing affordable healthcare and housing; and assistance with accessing basic need resources; (2) community systems through counseling, education, and supportive services for at-risk youth in local elementary, middle, and high schools; (3) coping mechanisms through crisis intervention, substance abuse prevention and intervention programs, and therapy designed to address the trauma histories and issues of clients; (4) the juvenile justice system by taking referrals of delinquent and gang-involved youth from probation officers and law enforcement personnel and operating a combined academic and therapeutic day treatment program for high school age students who are on probation; and operating an Empowerment Program focused on positive youth development (5) the caring environment through community organizing and civic engagement activities, youth and adult life skills training, community education, health and wellness education, participatory recreation programs, and mentoring; (6) the social service systems for the protection of children and youth from neglect, abuse, and exploitation; and (7) the network of community human service agencies by providing information and referrals. The Organization's primary services are in East Los Angeles, Long Beach, Norwalk, and adjacent cities in Southeast Los Angeles County, with its headquarters office in Unincorporated South Whittier. The Organization primarily operates under grant agreements from federal, state, county, and city agencies, as well as grants and contributions from foundations, corporations, and individuals.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting to conform to accounting principles generally accepted in the United States of America as applicable to nonprofit entities.

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

HELPLINE YOUTH COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

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.

Revenue Recognition

Revenue is recognized when earned. Governmental contributions and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Grants and contributions are recognized when cash, securities or other assets, an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Some contributions are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

Fundraising Income

Fundraising revenue comprise an exchange element based on the value of the benefits provided, and a contribution element for the difference between the total support and the exchange element. The exchange element includes the meal and activities provided at the events and auction items purchased at the events. The performance obligation for the meals and activities provided is met over time as event is held. The performance obligation for auction items purchased is met at a point in time when auction closes. The following table shows the Organization's disaggregated fundraising revenue:

**HELPLINE YOUTH COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fundraising Income (Continued)

	2022	2021
Contribution Revenue	\$ 65,755	\$ 37,169
Sponsorship	12,800	-
Auction Proceeds	2,100	-
Other Proceeds	-	994
Total	\$ 80,655	\$ 38,163

Cash and Cash Equivalents

Cash and cash equivalents include cash in checking, savings and money market accounts.

Property and Equipment

Property and equipment are recorded at cost, or, if donated, at their fair market value at the date of donation. The Organization capitalizes property and equipment purchases of \$5,000 or more. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

	<u>Useful Life</u>
Office Furniture	7 Years
Office Equipment	3 to 7 Years
Leasehold Improvements	3 Years
Vehicles	5 Years

Donated Goods and Services

Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received.

Functional Expense Allocations

The costs of program and supporting services activities have been summarized on a functional basis in the statement of functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. The functional allocation of expenses shared between program, management and general, and fundraising is based on a reasonable and consistent basis using factors such as direct payroll allocation and total direct expenses.

Operating Reserve

Operating reserves are cash with board designations. Funds are only to be withdrawn in the event of an emergency cash flow need that cannot be remedied with the agency's existing line of credit. Funds are to be withdrawn on a temporary basis and are to be replenished as soon as possible, not to exceed 90 days after the withdrawal.

HELPLINE YOUTH COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk are cash and cash equivalents, investments, and receivables. A significant portion of the Organization's cash is held in various banks and, at times, exceeds the Federal Deposit Insurance Corporation statutory limits. The Organization's investments are comprised of treasury bills.

Contributions receivable at June 30, 2022 and 2021 are primarily due from governmental entities. As of June 30, 2022 and 2021, three and two governmental entities accounted for 88% and 48% of total contributions receivables, respectively. For the years ended June 30, 2022 and 2021, two entities accounted for 80% and 39% of total contributions, respectively.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

Subsequent events have been evaluated through March 28, 2023, the date that these financial statements were available to be issued. Except for disclosed in Note 7, there were no subsequent events that would require adjustments or disclosures in these financial statements.

New Accounting Pronouncements Adopted During Current Accounting Period

The Organization has adopted the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The FASB has issued this ASU to improve the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. Nonfinancial assets are defined within the ASU as including fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The amendments do not change the recognition and measurement of nonfinancial assets. There was no material impact on the Organization's financial position and results of operations upon adoption of the new standard.

HELPLINE YOUTH COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements Effective in Future Accounting Periods (Continued)

ASU 2016-02, *Leases (Topic 842)*. This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. It is effective for fiscal year beginning after December 15, 2021. Management will be evaluating the effects of this new standard.

NOTE 3 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 date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 1,170,019	\$ 1,444,104
Contributions Receivable	2,023,533	1,685,881
Other Assets	39,834	39,997
Total	<u>3,233,386</u>	<u>3,169,982</u>
Less:		
Donor Restricted Assets	(454,142)	(429,819)
Board-Designated Operating Reserve	(196,487)	(186,387)
Total for General Expenditures	<u>\$ 2,582,757</u>	<u>\$ 2,553,776</u>

As part of its liquidity management plan, the organization monitors cash flows required to meet operating needs on a monthly basis and structures financial assets to be available as general expenditures, liabilities, and other obligations come due. Further, the Organization has board designated operating reserves, which can be used for general expenditures, if necessary.

NOTE 4 CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Governmental Contributions Receivable	\$ 2,088,803	\$ 1,710,189
Grants and Contributions Receivable	93,875	380
Total	2,182,678	1,710,569
Less: Allowance for Doubtful Accounts	(159,145)	(24,688)
Total	<u>\$ 2,023,533</u>	<u>\$ 1,685,881</u>

The balance of contributions receivable as of June 30, 2020 was \$900,771.

Contributions receivable are expected to be collected during the year ending June 30, 2023.

HELPLINE YOUTH COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2022	2021
Office Furniture	\$ 20,934	\$ 20,934
Office Equipment	130,237	130,237
Leasehold Improvements	6,093	6,093
Vehicles	119,371	119,371
Total	276,635	276,635
Less: Accumulated Depreciation	(189,131)	(141,283)
Property and Equipment, Net	\$ 87,504	\$ 135,352

NOTE 6 CONTRACT ADVANCES AND DEPOSITS

Contract advances and deposits consisted of the following at June 30:

	2022	2021
Sierra Health Foundarion	\$ 333,333	\$ -
LAHSA	155,728	-
LA Care	64,688	-
Other	73,864	19,670
Total	\$ 627,613	\$ 19,670

NOTE 7 DEBT

Bank Line of Credit

The Organization has a bank revolving line of credit agreement which allows for maximum borrowings of \$250,000, bearing interest at Farmer's and Merchant Bank's prime rate plus 1% per annum, which was 5% at June 30, 2022 and 2021. Per the terms of the agreement, the interest rate could not be less than 6% per annum. The agreement matured on February 28, 2022 and was renewed until February 28, 2023.

In February 2023, the agreement was renewed until February 28, 2025. Per the terms of the new agreement, the interest rate will be equal to Farmer's and Merchant Bank's prime rate. The interest rate will not be less than 7.25% per annum.

As of June 30, 2022 and 2021, no amounts were outstanding on the line of credit.

HELPLINE YOUTH COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 DEBT (CONTINUED)

Paycheck Protection Program (PPP) Loan

During April 2020, the Organization received a \$1,024,075 loan to fund payroll through the Paycheck Protection Program administrated by the U.S. Small Business Administration which is part of the Coronavirus Aid Relief and Economic Security Act (the PPP Loan). In June 2021, the Organization was notified that the loan and interest at \$318,960 had been approved for forgiveness by the U.S. Small Business Administration leaving a \$705,115 balance due. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

Under the CARES Act, PPP loan is forgiven if all employee retention criteria are met, and the funds are used for eligible expenses. Any portion of the loan that is not forgiven was required to be fully repaid within two years from the loan origination date, by April 2022. Principal and interest payments of \$705,221 were made during the year ended June 30, 2022. The balance of the loan was zero as of June 30, 2022.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	2022	2021
Subject to Expenditure for Specified Purpose:		
Liberty Community Plaza	\$ 206,846	\$ 206,846
Mental Health Advocate Program	85,000	-
Substance Use Disorder	54,837	91,125
Long Beach Community Service Programs	44,886	-
Homeless Service	14,017	71,173
Mental Health Services	7,500	-
Family Services	1,056	3,206
Community Organizing	-	17,469
Endowment		
Perpetual in Nature	40,000	40,000
Total Net Assets with Donor Restrictions	\$ 454,142	\$ 429,819

During the years ended June 30, 2022 and 2021, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

HELPLINE YOUTH COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	<u>2022</u>	<u>2021</u>
Subject to Time Restriction	\$ 20,000	\$ -
Subject to Expenditure for Specified Purpose:		
Substance Use Disorder/Mental Health Services	186,288	195,329
Homeless Service	107,156	58,827
Domestic Violence Programs	35,000	38,000
Long Beach Community Service Programs	30,114	-
Children, Youth and Family Services	20,000	-
Community Organizing	17,469	49,788
Family Services	12,150	10,489
Alcohol and Other Drug Prevention	5,000	-
Other	1,000	-
Infrastructure	-	144,424
Empowerment	-	42,683
Liberty Community Plaza	-	53,648
Pandemic Relief	-	48,582
Active Transportation Planning Initiative	-	9,906
Promotora	-	1,337
Total	<u>\$ 434,177</u>	<u>\$ 653,013</u>

NOTE 9 RETIREMENT PLAN

The Organization has established a retirement plan for qualified employees under the provisions of IRC Section 403(b). Employees may begin elective contributions after 90 days of service. The Organization is not required to and does not match the contributions.

NOTE 10 CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the statement of activities for the year ended June 30, 2022, were as follows:

<u>Nonfinancial Asset</u>	<u>Revenue Recognized</u>	<u>Monetized or Utilized</u>	<u>Utilization in Function</u>	<u>Donor Restrictions</u>	<u>Valuation Technique</u>
Goods	\$ 37,518	Utilized	Support	No Donor Restrictions	Fair Value of donated goods per market research
Medical Supplies	14,615	Utilized	Support	No Donor Restrictions	Fair Value of donated goods per market research
Food	1,762	Utilized	Support	No Donor Restrictions	Fair Value of donated goods per market research
	<u>\$ 53,895</u>				

**HELPLINE YOUTH COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 10 CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

Contributed nonfinancial assets recognized within the statement of activities for the year ended June 30, 2021, were as follows:

Nonfinancial Asset	Revenue Recognized	Monetized or Utilized	Utilization in Function	Donor Restrictions	Valuation Technique
Goods	\$ 13,085	Utilized	Support	No Donor Restrictions	Fair Value of donated goods per market research
Medical Supplies	26,758	Utilized	Support	No Donor Restrictions	Fair Value of donated goods per market research
	<u>\$ 39,843</u>				

NOTE 11 CONTRACTS WITH COUNTY OF LOS ANGELES

The Organization has contracts with the County of Los Angeles to provide services related to child abuse prevention and intervention, gang prevention and intervention, juvenile delinquency prevention, substance abuse prevention and treatment, and mental health treatment.

The contracts were renewed for two to five-year terms and require the Organization to disburse the funds received from the County for direct and indirect expenses of the program. The revenues and expenses related to these contracts are included in the accompanying statements of functional expenses.

The Organization also entered into a lease and operating agreement with the County of Los Angeles, to occupy a portion of the space as a tenant and perform the duties of manager for the community center portion.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Government Contracts

Costs claimed under certain grants and contracts from governmental sources may be subject to disallowance upon final audit by such funding agencies.

Leases

The Organization leases office and service facilities under several operating leases with terms expiring at various dates through December 2025. The leases contain operating cost increases over their terms.

HELPLINE YOUTH COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Leases (Continued)

The Organization moved its corporate office to Liberty Community Plaza, located at 14181 Telegraph Road in Unincorporated South Whittier in June 2015. The terms of the lease and operating agreement are for an initial five-year term with a five-year extension option. Under the terms of the Organization's lease and operating agreement with the County of Los Angeles, the Organization does not pay rent; instead, the Organization is responsible for utilities, general repairs and maintenance, and managing the entire property. The County of Los Angeles paid \$23,000 a month, with the exception of July, August and September 2020 due to pandemic related closures, towards the operating expenses of its building, whereas the remainder of expenses are paid by the Organization in lieu of rent. The Organization estimates that its share of the operating expenses approximates the fair value of rent. During April 2020, the option was renewed and extended until June 2025.

The Organization entered into a two-year term for an office lease in Norwalk, effective July 1, 2018, to expand its rentable square feet to 4,375. The lease term expired on June 30, 2020. During May 2020, the lease term was extended to June 30, 2023 with monthly payments of \$6,152, subject to an annual increase of 3.5%, beginning July 2021.

The Organization entered into a three-year lease for office space in Los Angeles effective, June 1, 2017 through May 31, 2020. During July 2020, the Organization entered into a five-year lease in Los Angeles to replace the prior lease effective January 1, 2021 through December 31, 2025. The initial rent is \$4,000 per month with a 3% increase annually over the term of the lease.

The Organization also entered into a lease for office space in Long Beach, effective November 1, 2018 through October 31, 2020, with another two-year option with a 3% increase of the base rent. On June 30, 2020, the lease term was extended through October 31, 2022, with initial base rent of \$2,917 and 3% annual increase. On October 31, 2022, the term was extended through October 31, 2024.

Rent expense and maintenance for the facilities for the years ended June 30, 2022 and 2021 were \$321,744 and \$291,889, respectively.

The future minimum obligations under these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 166,043
2024	89,572
2025	65,990
2026	27,012
Total	<u>\$ 348,617</u>

HELPLINE YOUTH COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 13 INCOME TAXES

The Organization has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code and California under Revenue and Taxation Code Section 23701(d), respectively.

Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income taxes. The Organization uses the same accounting methods for tax and financial reporting. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization returns are more likely than not to be sustained upon examination.



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

Board of Directors
Helpline Youth Counseling, Inc.
Whittier, 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 Helpline Youth Counseling, Inc. (a California corporation, the Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 28, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings as items 2022-01 that we consider to be significant deficiency.

Report on Compliance and Other Matters

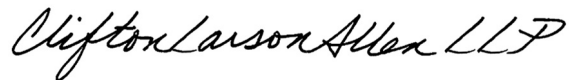
As part of obtaining reasonable assurance about whether the Organization’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

The Organization’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Helpline Youth Counseling, Inc.’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



CliftonLarsonAllen LLP

Pasadena, California
March 28, 2023



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Helpline Youth Counseling, Inc.
Whittier, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Helpline Youth Counseling, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

Board of Directors
Helpline Youth Counseling, Inc.

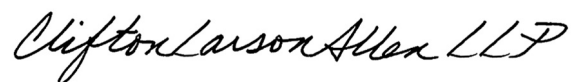
Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Organization as of and for the year ended June 30, 2022, and have issued our report thereon dated REPORT DATE, which contained an unmodified opinion on those financial statements. Our audit was performed 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 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.



CliftonLarsonAllen LLP

Pasadena, California
March 28, 2023

HELPLINE YOUTH COUNSELING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
United States Department of Health and Human Services				
Passed Through County of Los Angeles Alcohol and Drug Program Administration:				
Block Grant for Prevention and Treatment of Substance Abuse	93.959	PH-003843		\$ 43,613
Block Grant for Prevention and Treatment of Substance Abuse	93.959	PH-003949		116,135
Block Grant for Prevention and Treatment of Substance Abuse	93.959	PH-002757		317,029
Total Block Grant for Prevention and Treatment of Substance Abuse				<u>476,777</u>
Total: Pass-Through Program From County of Los Angeles Alcohol and Drug Program Administration:				<u>476,777</u>
Passed Through County of Los Angeles:				
Promoting Safe and Stable Families - Santa Fe Springs	93.556	17-9-35		38,737
Promoting Safe and Stable Families - Belvedere	93.556	17-9-1		52,498
Total: Pass-Through Program From County of Los Angeles				<u>91,235</u>
Passed Through California Department of Social Service:				
Temporary Assistance for Needy Families	93.558	PH-004245		146,693
Total: United States Department of Health and Human Services				714,705
United States Department of Housing and Urban Development				
Passed Through Los Angeles County Development Authority:				
Community Development Block Grants/Entitlement Grants	14.218	111488		24,986
Passed Through City of South Gate:				
Community Development Block Grants/Entitlement Grants	14.218	2020-94-cc		5,636
Community Development Block Grants/Entitlement Grants	14.218	3535		141,864
Total: Pass-Through Program From City of South Gate				<u>147,500</u>
Total Community Development Block Grants/Entitlement Grants				172,486
Passed Through Los Angeles Homeless Services Authority:				
Emergency Solutions Grant Program	14.231	2020CRFF41		474,370
Total: United States Department of Housing and Urban Development				<u>646,856</u>
United States Department of Treasury				
Passed Through Local Initiatives Support Corporation:				
Emergency Rental Assistance Program	21.023	52515-0001		92,253
Total: United States Department of Treasury				<u>92,253</u>
Total Federal Programs				<u>\$ 1,453,814</u>

See accompanying Notes Schedule of Expenditures of Federal Awards.

HELPLINE YOUTH COUNSELING, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of the 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 operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

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. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

The Organization did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**HELPLINE YOUTH COUNSELING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with GAAP, March 28, 2023: Unmodified

2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported

3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported

2. Type of auditors’ report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)

93.959

Name of Federal Program or Cluster

Block Grant for Prevention and Treatment of Substance abuse

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

HELPLINE YOUTH COUNSELING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Section II – Financial Statement Findings

2022 – 001 – Significant Deficiency – Contract Revenue

Condition: The Organization performed services without having an executed amendment to an existing contract with an agency. The absence of this signed amendment was discovered after year-end when the organization was preparing the contract for the following year. The deficiency resulted in overstatement of revenue and accounts receivable.

Criteria or Specific Requirement: The Accounting Manager prepares the agency contracts and records the agency contract revenue. The agency contract revenue prepared by the Accounting Manager is reviewed and submitted by the Director of Program to the respective agencies.

Effect: Lack of reconciliation between the accounting records and contract records could cause disruption in operations when there is employee turnover.

Cause: Due to employee turnover, an agency contract modification was submitted timely but no executed amendment was received from the contracting authority and the Organization performed services without having this validated contract modification.

Recommendation: To improve quality of the accounting records, the Organization should establish strong controls over performing services per agency contracts and consider periodic reconciliations between contract records and accounting records.

Views of Responsible Officials: Management concurs with the finding and is in the process of obtaining an approval of the contract amendment as well as reinforcing it's internal controls to avoid such occurrences in the future.

Section III – Findings and Questioned Costs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**HELPLINE YOUTH COUNSELING, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

There were no findings or questioned costs reported for the year ended June 30, 2021.



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