



HELPLINE YOUTH COUNSELING, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2021 AND 2020**



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Helpline Youth Counseling, Inc. (a California nonprofit corporation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Helpline Youth Counseling, Inc. as of June 30, 2021 and 2020, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2022 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
January 28, 2022

HELPLINE YOUTH COUNSELING, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,444,104	\$ 2,047,991
Contributions Receivable, Net	1,685,881	900,771
Prepaid Expenses and Other Assets	103,855	104,211
Total Current Assets	3,233,840	3,052,973
NONCURRENT ASSETS		
Property and Equipment, Net	135,352	79,059
Deposits	13,340	11,302
Total Noncurrent Assets	148,692	90,361
Total Assets	\$ 3,382,532	\$ 3,143,334
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 97,775	\$ 65,467
Accrued Expenses	670,551	483,351
Contract Advances and Deposits	19,670	13,640
PPP Loan	705,221	-
Total Current Liabilities	1,493,217	562,458
NONCURRENT LIABILITIES		
PPP Loan	-	1,024,075
Total Liabilities	1,493,217	1,586,533
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without Donor Restrictions		
Undesignated	1,273,109	863,741
Board-Designated Operating Reserve	186,387	181,235
Total	1,459,496	1,044,976
With Donor Restrictions	429,819	511,825
Total Net Assets	1,889,315	1,556,801
Total Liabilities and Net Assets	\$ 3,382,532	\$ 3,143,334

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
In-Kind Contributions	39,843	-	39,843
Interest Income	745	-	745
Miscellaneous	106	-	106
Gain from Debt Forgiveness	318,854	-	318,854
Net Assets Released from Restriction	<u>653,013</u>	<u>(653,013)</u>	<u>-</u>
Total Support and Revenue	9,314,161	(82,006)	9,232,155
 EXPENSES			
Program Services	7,644,956	-	7,644,956
Support Services	1,062,094	-	1,062,094
Fundraising and Donations	<u>192,591</u>	<u>-</u>	<u>192,591</u>
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 ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Governmental Contributions	\$ 6,501,021	\$ -	\$ 6,501,021
Grants and Contributions	282,412	339,124	621,536
Management Fees	276,000	-	276,000
Client Fees	37,422	-	37,422
Fundraising Events, Net of Expenses of \$8,556	23,784	-	23,784
In-Kind Contributions	14,870	-	14,870
Interest Income	1,421	-	1,421
Miscellaneous	368	-	368
Net Assets Released from Restriction	333,735	(333,735)	-
Total Support and Revenue	7,471,033	5,389	7,476,422
 EXPENSES			
Program Services	6,118,722	-	6,118,722
Support Services	969,961	-	969,961
Fundraising and Donations	273,226	-	273,226
Total Expenses	7,361,909	-	7,361,909
 CHANGE IN NET ASSETS	109,124	5,389	114,513
Net Assets - Beginning of Year	935,852	506,436	1,442,288
 NET ASSETS - END OF YEAR	\$ 1,044,976	\$ 511,825	\$ 1,556,801

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	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	<u>\$ 7,644,956</u>	<u>\$ 1,062,094</u>	<u>\$ 192,591</u>	<u>\$ 8,899,641</u>

See accompanying Notes to Financial Statements.

HELPLINE YOUTH COUNSELING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services	Support Services	Fundraising	Total
Salaries and Other Related Expenses:				
Salaries	\$ 4,345,306	\$ 666,708	\$ 199,914	\$ 5,211,928
Payroll Taxes	359,455	55,248	16,566	431,269
Employee Benefits	321,737	49,451	14,828	386,016
Total Salaries and Other Related Expenses	5,026,498	771,407	231,308	6,029,213
Other Expenses:				
Audit and Accounting	22,921	3,523	1,056	27,500
Bank Service Charges	4,710	724	217	5,651
Consultant	168,776	25,941	7,778	202,495
Employee Mileage	73,300	11,266	3,378	87,944
Equipment and Furniture	36,961	5,681	1,703	44,345
Insurance	46,470	7,142	2,142	55,754
Office Supplies	35,179	5,407	1,621	42,207
Other	12,016	1,847	555	14,418
Postage	2,260	347	104	2,711
Printing and Recruitment Program	7,738	1,189	357	9,284
Program	248,791	35,498	3,046	287,335
Rent	264,967	40,725	12,212	317,904
Taxes and Licenses	4,982	766	230	5,978
Telecommunications	61,789	9,497	2,848	74,134
Training and Conference	16,452	2,529	758	19,739
Utilities	84,912	13,051	3,913	101,876
Total Other Expenses	1,092,224	165,133	41,918	1,299,275
Total Expenses Before Depreciation	6,118,722	936,540	273,226	7,328,488
Depreciation	-	33,421	-	33,421
Total Expenses	<u>\$ 6,118,722</u>	<u>\$ 969,961</u>	<u>\$ 273,226</u>	<u>\$ 7,361,909</u>

See accompanying Notes to Financial Statements.

**HELPLINE YOUTH COUNSELING, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 332,514	\$ 114,513
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
PPP Loan Forgiveness	(318,854)	-
Depreciation	38,195	33,421
Change in Assets:		
Contributions Receivable	(785,110)	388,974
Prepaid Expenses and Other Assets	356	(71,246)
Deposits	(2,038)	-
Change in Liabilities:		
Accounts Payable	32,308	(4,641)
Accrued Expenses	187,200	40,069
Contract Advances and Deposits	6,030	(105,336)
Net Cash Provided (Used) by Operating Activities	(509,399)	395,754
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(94,488)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP Loan	-	1,024,075
NET CHANGE IN CASH AND CASH EQUIVALENTS	(603,887)	1,419,829
Cash and Cash Equivalents - Beginning of Year	2,047,991	628,162
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,444,104	\$ 2,047,991

See accompanying Notes to Financial Statements.

HELPLINE YOUTH COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 generally accepted accounting principles in the United States of America (GAAP) 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, 2021 AND 2020

NOTE 2 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, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

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.

HELPLINE YOUTH COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Cash and Cash Equivalents

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

Promises to Give

The Organization records unconditional promises to give that are expected to be collected within one year 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.

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.

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, 2021 and 2020 are primarily due from governmental entities. As of June 30, 2021 and 2020, two and three governmental entities accounted for 48% and 46% of total contributions receivables, respectively. For the years ended June 30, 2021 and 2020, two entities accounted for 39% and 37% of total contributions, respectively.

HELPLINE YOUTH COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Subsequent events have been evaluated through January 28, 2022, the date that these financial statements were available to be issued. There were no subsequent events that would require adjustments or disclosures in these financial statements.

Risk and Uncertainties

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic, which continues subsequent to year-end. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2022 operations and financial results including but not limited to declines in investments, declines in governmental contributions, additional bad debts or costs for increased use of technology. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

New Accounting Pronouncements Effective in Future Accounting Periods

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, 2022. Management will be evaluating the effects of this new standard.

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The FASB is issuing 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 asset (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. This ASU is effective for annual periods beginning after June 15, 2021. The amendments would be applied on a retrospective basis. Management will be evaluating the effects of the 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:

HELPLINE YOUTH COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

	2021	2020
Cash and Cash Equivalents	\$ 1,444,104	\$ 2,047,991
Contributions Receivable	1,685,881	900,771
Total	3,129,985	2,948,762
Less: Donor Restricted Assets	(429,819)	(511,825)
Total for General Expenditures	<u>\$ 2,700,166</u>	<u>\$ 2,436,937</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. The Organization maintains a line of credit, further described in Note 6. As of June 30, 2021, the line of credit's balance was zero. 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, 2021 and 2020:

	2021	2020
Governmental Contributions Receivable	\$ 1,710,189	\$ 914,780
Grants and Contributions Receivable	380	10,756
Total	1,710,569	925,536
Less: Allowance for Doubtful Accounts	(24,688)	(24,765)
Total	<u>\$ 1,685,881</u>	<u>\$ 900,771</u>

Contributions receivable are expected to be collected during the year ending June 30, 2022.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2021	2020
Office Furniture	\$ 20,934	\$ 14,309
Office Equipment	130,237	87,417
Leasehold Improvements	6,093	6,093
Vehicles	119,371	95,303
Total	276,635	203,122
Less: Accumulated Depreciation	(141,283)	(124,063)
Property and Equipment, Net	<u>\$ 135,352</u>	<u>\$ 79,059</u>

HELPLINE YOUTH COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Liberty Community Plaza	\$ 206,846	\$ 260,494
Infrastructure	-	65,000
Empowerment	-	42,683
Substance Use Disorder	91,125	78,954
Active Transportation Planning Initiative	-	9,906
Community Organizing	17,469	7,256
Family Services	3,206	6,195
Promotora	-	1,337
Homeless Service	71,173	-
Endowment		
Perpetual in Nature	40,000	40,000
Total Net Assets with Donor Restrictions	<u>\$ 429,819</u>	<u>\$ 511,825</u>

During the years ended June 30, 2021 and 2020, 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:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Substance Use Disorder/Mental Health Services	\$ 195,329	\$ 138,814
Infrastructure	144,424	-
Community Organizing	49,788	58,020
Empowerment	42,683	34,125
Promotora	1,337	30,971
Homeless Service	58,827	23,882
Family Services	10,489	20,805
Liberty Community Plaza	53,648	12,000
Domestic Violence Programs	38,000	9,818
Pandemic Relief	48,582	5,000
Support Integrated Comm Coalition Training	-	300
Active Transportation Planning Initiative	9,906	-
Total	<u>\$ 653,013</u>	<u>\$ 333,735</u>

HELPLINE YOUTH COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 & Merchant Bank's prime rate plus 1% per annum, which was 5% at June 30, 2021 and 2020. The agreement matured on February 28, 2020. In March 2020, the agreement was renewed until February 28, 2021, with increased borrowings of \$500,000 until September 30, 2020. Beginning October 1, 2020, the maximum borrowing decreased to \$250,000. In February 2021, the agreement was renewed again until February 28, 2022. As of June 30, 2021 and 2020, no amounts were outstanding on the line of credit.

Paycheck Protection Program (PPP) Loan

During April 2020, the Organization received a \$1,024,075 loan to fund payroll and utilities through a lender pursuant to the Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is unsecured and guaranteed by the Small Business Administration (SBA). Under the CARES Act, PPP loans will be 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 is required to be fully repaid within two years from the loan origination date, by April 2022. The loan may be prepaid at any time without penalty, and bears interest at 1.00% per annum. Under the original terms of the PPP loan, monthly payments of principal and interest were required to begin one month after the expiration of a six-month deferral period. However, under the Paycheck Protection Program Flexibility Act signed into law in June 2020, loan payments are deferred for borrowers who apply for loan forgiveness until such time as the SBA determines the amount of loan forgiveness and remits this amount to the lender. In June 2021, \$318,960 loan forgiveness including principal and interest were approved. Principal payments of \$705,221 will be made during the year ended June 30, 2022.

NOTE 8 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 9 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.

HELPLINE YOUTH COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9 CONTRACTS WITH COUNTY OF LOS ANGELES (CONTINUED)

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 10 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.

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. The initial rent is \$2,400 per month with a 3% increase annually over the term of the lease. 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 in the base rent. The initial rent is \$2,750 per month for the first year, increased to \$2,832 per month through the initial term of the lease. At June 30, 2020, the lease term was extended to October 31, 2022.

Rent expense and maintenance for the facilities for the years ended June 30, 2021 and 2020 was \$291,005 and \$308,672, respectively.

HELPLINE YOUTH COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Leases (Continued)

The future minimum obligations under these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 140,132
2023	141,282
2024	51,687
2025	53,238
2026	27,012
Total	<u>\$ 413,351</u>

NOTE 11 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 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 the Helpline Youth Counseling, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, 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 January 28, 2022.

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 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 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.

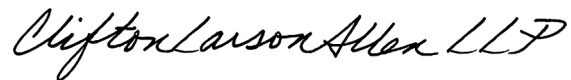
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 the Organization’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
January 28, 2022



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

We have audited Helpline Youth Counseling, Inc.'s (the Organization) compliance with the types of compliance requirements described 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, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization'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 each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control over compliance.

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



CliftonLarsonAllen LLP

Pasadena, California
January 28, 2022

HELPLINE YOUTH COUNSELING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
Passed Through the County of Los Angeles Alcohol and Drug Program Administration:				
Block Grant for Prevention and Treatment of Substance Abuse	93.959	PH-003843		\$ 29,072
Block Grant for Prevention and Treatment of Substance Abuse	93.959	PH-003949		112,284
Block Grant for Prevention and Treatment of Substance Abuse	93.959	PH-002757		307,953
Total: Block Grant for Prevention and Treatment of Substance Abuse				<u>449,309</u>
Passed Through the County of Los Angeles:				
Promoting Safe and Stable Families	93.556	17-9-35		49,115
Promoting Safe and Stable Families	93.556	17-9-1		64,346
Total: Promoting Safe and Stable Families				<u>113,461</u>
Passed Through California Department of Social Service:				
Temporary Assistance for Needy Families	93.558	PH-003597		149,256
Total: U.S. Department of Health and Human Services				<u>712,026</u>
U.S. Department of Justice				
Passed Through the California Governor's Office of Emergency Services:				
Crime Victim Assistance	16.575	K119-02-1230		139,211
Total: U.S. Department of Justice				<u>139,211</u>
U.S. Department of Housing and Urban Development				
Passed Through Los Angeles County Development Authority:				
Community Development Block Grants/Entitlement Grants Cluster	14.218	111488		24,986
Passed Through the City of South Gate:				
Community Development Block Grants/Entitlement Grants Cluster	14.218	3535		117,172
Total: U.S. Department of Housing and Urban Development				<u>142,158</u>
U.S. Department of Treasury				
Passed Through Local Initiatives Support Corporation:				
COVID 19 Emergency Rental Assistance Program	21.023	52515-0001		25,149
Total: U.S. Department of Treasury				<u>25,149</u>
Total Expenditures of Federal Awards				<u><u>\$ 1,018,544</u></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, 2021

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, 2021. 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. 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 OF QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

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, January 28, 2022: Unmodified

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

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

Federal Awards

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

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 no x

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 OF QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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).

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**HELPLINE YOUTH COUNSELING, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

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

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