

NBCC

FINANCIAL STATEMENTS

JUNE 30, 2020

NBCC

June 30, 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 – 2
Financial statements:	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 – 12
Supplementary Information:	
Schedule of Expenditures of Federal Awards	13
Notes to the Schedules of Expenditures of Federal Awards	14
Other Auditor's Reports	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15 – 16
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	17 – 18
Schedules of Findings and Questioned Costs	19 – 20



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

111 E. Victoria Street 2nd Floor, Santa Barbara, CA 93101, (805) 962-9175, www.mcgowan.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
NBCC
Santa Barbara, California

Report on the Financial Statements

We have audited the accompanying financial statements of NBCC (a non-profit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 NBCC as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal and state 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 June 25, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the NBCC June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those statements in our report dated July 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Santa Barbara, California
June 25, 2021

NBCC

STATEMENT OF FINANCIAL POSITION

June 30, 2020

(With Comparative Totals for June 30, 2019)

	<u>2020</u>	<u>(Memo)</u> <u>2019</u>
<u>Assets</u>		
<u>Current Assets:</u>		
Cash and Equivalents	\$ 270,539	\$ 171,026
Grants and Other Receivables, net	303,703	192,243
Prepaid Expenses	44,293	11,525
Total Current Assets	618,535	374,794
Property and Equipment, Net	71,318	16,005
Total Assets	\$ 689,853	\$ 390,799
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities:</u>		
Accounts Payable	\$ 44,937	\$ 2,130
Accrued Expenses	95,353	70,430
Deferred Revenue	10,000	25,744
PPP Loan Payable	147,470	-
Total Current Liabilities	297,760	98,304
<u>Net Assets:</u>		
Without Donor Restrictions	392,093	292,495
Total Net Assets	392,093	292,495
Total Liabilities and Net Assets	\$ 689,853	\$ 390,799

The accompanying notes are an integral part of these financial statements.

NBCC

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total 2020	(Memo) Total 2019
Public Support:				
Contributions, Contracts and Grants	\$ 1,735,965	\$ -	\$ 1,735,965	\$ 1,293,968
In-Kind Contributions	12,790	-	12,790	40,185
Total Revenues and Support	<u>1,748,755</u>	<u>-</u>	<u>1,748,755</u>	<u>1,334,153</u>
Revenue:				
Program Service Fees	221,034	-	221,034	223,792
Special Events, net expenses of \$58,091 and \$57,176	14,520	-	14,520	57,064
Interest Income	511	-	511	736
Net Assets Released From Restrictions	-	-	-	-
Total Revenue	<u>236,065</u>	<u>-</u>	<u>236,065</u>	<u>281,592</u>
Total Public Support and Revenue	<u>1,984,820</u>	<u>-</u>	<u>1,984,820</u>	<u>1,615,745</u>
Expenses:				
Program Services	1,700,731	-	1,700,731	1,391,860
Supporting Services:				
Management and General	124,989	-	124,989	81,178
Fundraising	59,502	-	59,502	71,683
Total Supporting Services	<u>184,491</u>	<u>-</u>	<u>184,491</u>	<u>152,861</u>
Total Expenses	<u>1,885,222</u>	<u>-</u>	<u>1,885,222</u>	<u>1,544,721</u>
Change in Net Assets	99,598	-	99,598	71,024
Net Assets - Beginning of Year	<u>292,495</u>	<u>-</u>	<u>292,495</u>	<u>221,471</u>
Net Assets - End of Year	<u>\$ 392,093</u>	<u>\$ -</u>	<u>\$ 392,093</u>	<u>\$ 292,495</u>

The accompanying notes are an integral part of these financial statements.

NBCC

STATEMENT OF FUNCTIONAL EXPENSES
 For the Year Ended June 30, 2020
 (With Comparative Totals for the Year Ended June 30, 2019)

	Program Services	Supporting Services		Total 2020	(Memo)
		Management and General	Fundraising		Total 2019
Salaries and Wages	\$ 700,841	\$ 31,453	\$ 42,769	\$ 775,063	\$ 688,849
Payroll Taxes	61,629	2,645	3,517	67,791	60,977
Employee Benefits	43,078	8,049	3,335	54,462	46,175
Total Salaries and Related Expenses	805,548	42,147	49,621	897,316	796,001
Grants and Other Assistance	612,080	-	320	612,400	370,926
Accounting	-	23,000	-	23,000	18,500
Advertising and Promotion	15,729	3,368	42,184	61,281	43,357
Consulting	32,531	414	6,000	38,945	41,527
Information Technology	6,314	1,403	1,005	8,722	11,477
Legal	359	203	600	1,162	814
Office Expense	37,719	7,490	3,819	49,028	55,247
Occupancy	98,316	7,846	3,869	110,031	115,761
Depreciation	-	13,969	-	13,969	1,280
Insurance	26,740	1,002	903	28,645	19,386
Conference and Meetings	4,922	2,861	709	8,492	15,981
Travel	47,414	588	7,324	55,326	55,419
Small Equipment and Tools	7,406	463	28	7,897	3,359
Grant Writer	5,653	-	1,211	6,864	18,679
Bookkeeping	-	20,235	-	20,235	18,333
In-Kind Expenses	-	-	-	-	15,850
2020 Total Expenses by Function	\$ 1,700,731	\$ 124,989	\$ 117,593	\$ 1,943,313	\$ 1,601,897
Less expenses included with revenues on the statement of activities					
Special event direct expenses	-	-	(58,091)	(58,091)	(57,176)
Total Expenses 2020	\$ 1,700,731	\$ 124,989	\$ 59,502	\$ 1,885,222	
Total Expenses 2019 (Memo)	\$ 1,391,860	\$ 81,178	\$ 71,683		\$ 1,544,721

The accompanying notes are an integral part of these financial statements.

NBCC

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	<u>2020</u>	<u>(Memo)</u> <u>2019</u>
Cash Flows from Operating Activities:		
Increase in Net Assets	\$ 99,598	\$ 71,024
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	13,969	1,280
Decrease (Increase) in:		
Grants and Other Receivables	(111,460)	(49,226)
Prepaid Expenses	(32,768)	1,093
Increase (Decrease) in:		
Accounts Payable	42,807	(21,994)
Accrued Expenses	24,923	(4,357)
Deferred Revenue	<u>(15,744)</u>	<u>25,744</u>
Net Cash Provided by Operating Activities	<u>21,325</u>	<u>23,564</u>
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	<u>(69,282)</u>	<u>-</u>
Net Cash Used by Investing Activities	<u>(69,282)</u>	<u>-</u>
Cash Flows from Financing Activities:		
Proceeds from PPP Loan	<u>147,470</u>	<u>-</u>
Net Cash Provided by Financing Activities	<u>147,470</u>	<u>-</u>
Net Increase in Cash and Equivalents	99,513	23,564
Cash and Equivalents at the Beginning of Year	<u>171,026</u>	<u>147,462</u>
Cash and Equivalents at the End of Year	<u><u>\$ 270,539</u></u>	<u><u>\$ 171,026</u></u>

The accompanying notes are an integral part of these financial statements.

NBCC

NOTES TO FINANCIAL STATEMENTS

Note 1 - ORGANIZATION

NBCC (the Organization), a not-for-profit corporation, provides personal counseling and community outreach programs for those who need help and support. During the year ended June 30, 2018, the Organization changed its name from Carrillo Counseling Services, Inc., DBA New Beginnings Counseling Center to NBCC. The Organization is primarily supported through foundation grants, government funding, contracts and contributions. The major programs offered include:

Community Counseling Clinic

This program has over 25 experienced counselors available to assist those who are struggling with a wide range of issues, such as life transitions, relationship challenges, anxiety, depression, grief loss, parenting skills, compulsive behaviors, codependency, relapse prevention, job loss and stress, aging, loneliness and isolation. The counseling clinic offers confidential individual, couples, family and group counseling services.

Life Skills Parenting and Education Program

This program provides a series of eight-week psycho-educational classes and hands-on parenting skills, mindfulness strategies, and overall life skills to families throughout the Santa Barbara Community. The classes are culturally based and provided in both English and Spanish.

Safe Parking and Homeless Outreach Program

This program provides outreach, temporary housing and vehicle financial assistance, connection to medical and dental services, and food distribution to the homeless population and safe overnight parking shelter at multiple sites throughout Santa Barbara and Goleta to individuals and families living in their vehicles. In addition, case management services focus on locating jobs and housing for the homeless.

Supportive Services for Veteran Families Program

This program is designed to help end homelessness among the Veteran population in Santa Barbara County. This *housing first* model aims to provide housing stability by providing cash assistance to those in danger of losing their housing and to rapidly transition into stable housing those who are homeless and scheduled to become residents of permanent housing within 90 days.

Supportive Services

This program provides case management and mental health counseling for families and individuals housed through the City of Santa Barbara Housing Authority, helping to keep those most vulnerable secure in their housing.

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting following accounting principles generally accepted in the United States of America (GAAP). The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

NBCC

NOTES TO FINANCIAL STATEMENTS

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Description of Net Assets

The Agency reports information regarding its financial position and activities in two classes of net assets - with donor restrictions and without donor restrictions - based on the existence or absence of donor-imposed restrictions.

Without Donor Restrictions

Net assets without donor restrictions represent net assets that are not subject to donor-imposed time or use restrictions. Net assets without donor restrictions include board designated funds.

With Donor Restrictions

Net assets with donor restrictions represent net assets that are subject to donor-imposed time or use restrictions. Net assets with donor restrictions generally include contributions and bequests. As of June 30, 2020, NBCC did not have any assets with donor restrictions.

Use of Estimates

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

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization consider all highly liquid instruments purchased with a maturity of less than three months to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Advertising

The Organization uses advertising to inform the community about the programs it offers. Advertising costs are expensed as they are incurred.

NBCC

NOTES TO FINANCIAL STATEMENTS

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment in excess of \$500 are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. All property and equipment are being depreciated under an accelerated method, generally over their useful lives as follows:

Furniture and equipment	5 to 7 years
Leasehold improvements	39 years

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted according to methods developed by management to appropriately reflect costs and efforts expended on each program or supporting service.

Income Taxes

The Organization is a nonprofit corporation exempt from Federal income taxes under IRC 501 (c) (3) and State income taxes under Revenue and Taxation Code Section 23701 (d), therefore no amounts for income taxes are reflected in the accompanying financial statements. The Organization is not a private foundation for income tax purposes. The Organization is not aware of any transactions that would affect its tax-exempt status.

The Organization evaluates uncertain tax positions, whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of June 30, 2020, the Organization had no uncertain tax positions requiring accrual.

The Organization files tax returns in California and U.S. federal jurisdictions. The Organization is no longer subject to U.S. federal, state and local tax examinations by tax authorities for years before 2016 and 2015, respectively.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases net assets with donor restrictions. However, if a restriction is fulfilled in the same fiscal year in which the contribution is received, the support is reported as without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions receivable are recognized as revenue when the donor makes a promise to give that is unconditional.

NBCC

NOTES TO FINANCIAL STATEMENTS

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-Kind Contributions

Donated goods and services are recognized as in-kind contributions in accordance with generally accepted accounting principles for not-for-profit organization, if the goods and services (a) create or enhance non-financial assets or (b) the services require specialized skills and are performed by people with those skills, and would otherwise be purchased by the Organization. The amount of in-kind contributions of goods and services received for June 30, 2020, totaled \$12,790.

Note 3 – GRANTS AND OTHER RECEIVABLES

Accounts and pledges receivable consist of the following amount at June 30, 2020:

Government Grants Receivable	\$ 165,708
Contract Receivable	130,247
Other Receivables	<u>24,548</u>
	320,503
Less: Allowance for Doubtful Accounts	<u>(16,800)</u>
Total	<u>\$ 303,703</u>

Note 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2020, with depreciation expense of \$13,969:

Furniture and Equipment	\$ 95,698
Leasehold Improvements	<u>21,258</u>
	116,956
Less: Accumulated Depreciation	<u>(45,638)</u>
Property and Equipment, Net	<u>\$ 71,318</u>

Note 5 – PREPAID EXPENSES

Prepaid expenses consist of the following at June 30, 2020:

Prepaid Accreditation Expenses	\$ 8,528
Prepaid Travel Expenses	10,416
Various Prepaid Expenses	<u>25,349</u>
Total	<u>\$ 44,293</u>

NBCC

NOTES TO FINANCIAL STATEMENTS

Note 6 – LINE OF CREDIT

NBCC has a line of credit arrangement with a maximum borrowing allowed of \$80,000, due May 20, 2022. As of June 30, 2020, the line of credit had a zero balance. The interest rate for the line of credit is 2.5% over the bank's lending index. At no time will the effective interest rate be less than 7.00%. NBCC is currently in the process of extending the line of credit arrangement.

Note 7 – OPERATING LEASE

NBCC has three locations that are leased under operating leases through July 31, 2021. Rent expense amounted to \$80,417 for the year ended June 30, 2020. The following is a schedule of future minimum rental payments required under the above operating lease in effect as of June 30, 2020.

2021	\$ 38,140
2022	<u>950</u>
Total minimum payments required	<u>\$ 39,090</u>

Note 8 – LIQUIDITY

Financial assets available to meet cash needs for general expenditure for the following year are comprised of current assets and investments, adjusted for amounts unavailable due to illiquidity, endowments and other funds spending policy appropriations beyond one year, and current liabilities payable to vendors, financial institutions, and nonprofit organizations.

Financial assets available to meet cash needs for general expenditures within one year as of June 30, 2020:

Current assets	
Cash and cash equivalents available within one year	\$ 270,539
Grants and other receivable	303,703
Other current assets	<u>44,293</u>
Total Current Assets	<u>618,535</u>
Current liabilities	<u>(140,290)</u>
Financial assets available to meet cash needs for general expenditures within one year as of June 30, 2020	<u>\$ 478,245</u>

Note 9 – CONCENTRATION OF RISK

The Organization maintains cash balances at a financial institution that is insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2020, the cash balances did not exceed the federally insured limit.

NBCC

NOTES TO FINANCIAL STATEMENTS

Note 9 – CONCENTRATION OF RISK (continued)

The Organization relies on grants from the U.S. Department of Veterans Affairs under the Supportive Services for Veteran Families Program (SSVF) for a significant portion of its financial support. For the year ended June 30, 2020, total grants received from the SSVF Program accounted for approximately 26% of total revenue, gains and other support.

Note 10 – UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of June 25, 2021, NBCC's office remains open, subject to regulated and reduced hours.

NBCC cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact NBCC's financial position, changes in net assets and cash flows in 2021 and the future.

Note 11 – SBA LOAN UNDER PAYROLL PROTECTION PROGRAM

On May 4, 2020, NBCC received loan funding of \$147,470 under the Paycheck Protection Program as allowed under the CARES Tax Act, related to the 2020 COVID-19 pandemic. The loan allows for the loan proceeds to be used on allowable costs for NBCC.

The loan may be fully forgiven if the funds are used for payroll costs, rent and utilities and at least 75% of the forgiven amount must be used for payroll. Loan payments will also be deferred for six months. No collateral or guarantees were required.

Forgiveness will be based on maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. The loan has a maturity of two years and an interest rate of 1%. NBCC intends to comply with all regulations to allow for the loan to be fully forgiven. Subsequent to June 30, 2020, the loan was forgiven in its entirety.

Note 12 – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 25, 2021, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

NBCC

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass Through Grantor	Federal CFDA Number	Pass Through Grantor's Number	Total Federal Expenditures	Passed Through to Subrecipients
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Direct Award:				
Continuum of Care	14.267		\$ 117,676	\$ -
Total direct awards			<u>117,676</u>	<u>-</u>
Passed through Community Development Block Grant				
City of Goleta	14.218	#2014-080	7,218	-
County of Santa Barbara	14.218	CN17410 17413	<u>16,097</u>	<u>-</u>
Total passed through Community Development Block Grant			<u>23,315</u>	<u>-</u>
Passed through Housing Authority Contract				
Section 8 Housing Choice Voucher Program	14.871		17,215	-
Passed through Emergency Solutions Grant				
State of California	14.231	13-ESG-8783	80,000	-
Passed through Home Investment Partnerships Program				
City of Santa Barbara - Tenant-Based Rental Assistance	14.239	#25,911	223,396	-
Total passed through			<u>343,926</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>461,602</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed through Substance Abuse and Mental Health Services				
County of Santa Barbara Probation Contract	93.243		<u>15,129</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>15,129</u>	<u>-</u>
<u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u>				
Direct Award:				
Supportive Services for Veteran Families (SSVF) Program	64.033	14-CA-163	<u>456,238</u>	<u>-</u>
Total direct awards			<u>456,238</u>	<u>-</u>
Total Federal Awards			<u>\$ 932,969</u>	<u>\$ -</u>

See notes to the schedule of federal awards

NBCC

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS June 30, 2020

Note 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the Federal award activity of the Organization, under programs of the federal government for the year ended June 30, 2020, in accordance with the requirements of Title 2 U. S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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 allowed or are limited as a reimbursement. The Organization has elected to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

*Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122 Cost Principles for Non Profit Organizations, or the cost principles contained in Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

OTHER AUDITOR'S REPORTS



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

111 E. Victoria Street 2nd Floor, Santa Barbara, CA 93101, (805) 962-9175, www.mcgowan.com

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards

To the Board of Directors
NBCC

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 NBCC (the Organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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. 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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.

The image shows a handwritten signature in cursive script. The name is written as "McGowan Guntermann". The ink is dark and the handwriting is fluid and legible.

Santa Barbara, California
June 25, 2021



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

111 E. Victoria Street 2nd Floor, Santa Barbara, CA 93101, (805) 962-9175, www.mcgowan.com

Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control over
Compliance Required by the Uniform Guidance

To the Board of Directors
NBCC

Report on Compliance for Each Major Federal Program

We have audited NBCC'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, 2020. 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 requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's 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 Compliance for 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 its major federal program for the year ended June 30, 2020.

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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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.



Santa Barbara, California
June 25, 2021

NBCC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2020

Section I—Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: **Unmodified**

Internal control over financial reporting:

Material weakness identified? **No**

Significant deficiencies identified that are not considered to be material weaknesses? **None reported**

No instances of noncompliance material to financial statements were disclosed by the audit.

Federal Awards

Internal control over major programs:

Material weakness identified? **No**

Significant deficiencies identified that are not considered to be material weaknesses? **None reported**

Type of auditor’s report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? **No**

Identification of major programs:

CFDA Number	Program Name	Expenditures
64.033	Supportive Services for Veteran Families Program	\$456,238
14.267	Continuum of Care	\$117,676

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

Auditee qualified as low-risk auditee? **No**

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None

NBCC

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020**

Section III—Federal Award Findings and Questioned Costs

There were no findings or questioned costs for the year ended June 30, 2019.