

NBCC

FINANCIAL STATEMENTS

JUNE 30, 2021

NBCC

June 30, 2021

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

200 E. Carrillo Street, Suite 300, 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, 2021, 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, 2021, 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 October 31, 2022, 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, 2020, financial statements, and we expressed an unmodified audit opinion on those statements in our report dated June 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Santa Barbara, California
October 31, 2022

NBCC

STATEMENT OF FINANCIAL POSITION
 June 30, 2021
 (With Comparative Totals for June 30, 2020)

	<u>2021</u>	<u>(Memo)</u> <u>2020</u>
<u>Assets</u>		
<u>Current Assets:</u>		
Cash and Equivalents	\$ 311,714	\$ 270,539
Grants and Other Receivables, net	392,635	303,703
Prepaid Expenses	55,656	44,293
Total Current Assets	760,005	618,535
Property and Equipment, Net	111,419	71,318
Total Assets	\$ 871,424	\$ 689,853
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities:</u>		
Accounts Payable	\$ 36,821	\$ 44,937
Accrued Expenses	132,399	95,353
Deferred Revenue	-	10,000
PPP Loan Payable	-	147,470
Total Current Liabilities	169,220	297,760
<u>Net Assets:</u>		
Without Donor Restrictions	702,204	392,093
Total Net Assets	702,204	392,093
Total Liabilities and Net Assets	\$ 871,424	\$ 689,853

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, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 2021	(Memo) Total 2020
Public Support:				
Contributions, Contracts and Grants	\$ 2,666,396	\$ -	\$ 2,666,396	\$ 1,735,965
Paycheck Protection Program loan forgiven	147,470	-	147,470	-
In-Kind Contributions	144,510	-	144,510	12,790
Total Revenues and Support	<u>2,958,376</u>	<u>-</u>	<u>2,958,376</u>	<u>1,748,755</u>
Revenue:				
Program Service Fees	233,914	-	233,914	221,034
Special Events, net expenses of \$0 and \$58,091	32,778	-	32,778	14,520
Interest Income	76	-	76	511
Net Assets Released From Restrictions	-	-	-	-
Total Revenue	<u>266,768</u>	<u>-</u>	<u>266,768</u>	<u>236,065</u>
Total Public Support and Revenue	<u>3,225,144</u>	<u>-</u>	<u>3,225,144</u>	<u>1,984,820</u>
Expenses:				
Program Services	2,603,741	-	2,603,741	1,700,731
Supporting Services:				
Management and General	195,104	-	195,104	124,989
Fundraising	116,188	-	116,188	59,502
Total Supporting Services	<u>311,292</u>	<u>-</u>	<u>311,292</u>	<u>184,491</u>
Total Expenses	<u>2,915,033</u>	<u>-</u>	<u>2,915,033</u>	<u>1,885,222</u>
Change in Net Assets	310,111	-	310,111	99,598
Net Assets - Beginning of Year	<u>392,093</u>	<u>-</u>	<u>392,093</u>	<u>292,495</u>
Net Assets - End of Year	<u>\$ 702,204</u>	<u>\$ -</u>	<u>\$ 702,204</u>	<u>\$ 392,093</u>

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

NBCC

STATEMENT OF FUNCTIONAL EXPENSES
 For the Year Ended June 30, 2021
 (With Comparative Totals for the Year Ended June 30, 2020)

	Program Services	Supporting Services		Total 2021	(Memo)
		Management and General	Fundraising		Total 2020
Salaries and Wages	\$ 1,024,558	\$ 48,469	\$ 45,381	\$ 1,118,408	\$ 775,063
Payroll Taxes	86,331	3,747	3,566	93,644	67,791
Employee Benefits	55,182	6,959	2,134	64,275	54,462
Total Salaries and Related Expenses	1,166,071	59,175	51,081	1,276,327	897,316
Grants and Other Assistance	1,088,521	-	-	1,088,521	612,400
Accounting	-	23,000	-	23,000	23,000
Advertising and Promotion	37,745	175	5,527	43,447	61,281
Consulting	26,750	5,764	25,198	57,712	38,945
Information Technology	19,370	2,197	2,414	23,981	8,722
Legal	1,281	36	15	1,332	1,162
Office Expense	44,240	4,778	13,744	62,762	49,028
Occupancy	134,812	10,378	6,900	152,090	110,031
Depreciation	-	52,923	-	52,923	13,969
Insurance	30,540	882	777	32,199	28,645
Conference and Meetings	2,063	135	9,773	11,971	8,492
Travel	42,174	60	88	42,322	55,326
Small Equipment and Tools	10,174	1,050	671	11,895	7,897
Grant Writer	-	-	-	-	6,864
Bookkeeping	-	34,551	-	34,551	20,235
In-Kind Expenses	-	-	-	-	-
2021 Total Expenses by Function	\$ 2,603,741	\$ 195,104	\$ 116,188	\$ 2,915,033	\$ 1,943,313
Less expenses included with revenues on the statement of activities					
Special event direct expenses	-	-	-	-	(58,091)
Total Expenses 2021	\$ 2,603,741	\$ 195,104	\$ 116,188	\$ 2,915,033	
Total Expenses 2020 (Memo)	\$ 1,700,731	\$ 124,989	\$ 59,502		\$ 1,885,222

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

NBCC

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021	(Memo) 2020
Cash Flows from Operating Activities:		
Increase in Net Assets	\$ 310,111	\$ 99,598
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	52,923	13,969
Forgiveness of paycheck protection loan	(147,470)	
Decrease (Increase) in:		
Grants and Other Receivables	(88,932)	(111,460)
Prepaid Expenses	(11,363)	(32,768)
Increase (Decrease) in:		
Accounts Payable	(8,116)	42,807
Accrued Expenses	37,046	24,923
Deferred Revenue	(10,000)	(15,744)
Net Cash Provided by Operating Activities	134,199	21,325
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	(93,024)	(69,282)
Net Cash Used by Investing Activities	(93,024)	(69,282)
Cash Flows from Financing Activities:		
Proceeds from PPP Loan	-	147,470
Net Cash Provided by Financing Activities	-	147,470
Net Increase in Cash and Equivalents	41,175	99,513
Cash and Equivalents at the Beginning of Year	270,539	171,026
Cash and Equivalents at the End of Year	\$ 311,714	\$ 270,539

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 provides low-cost counseling and psychological assessments by 25 masters and doctoral-level volunteer counselors supervised by 8 volunteer masters and doctoral-level licensed clinicians. This program serves 225 low-income English and Spanish-speaking individuals and provides over 4,000 counseling hours annually. NBCC is a Medi-Cal provider and has a sliding scale, with an average fee of \$13 per counseling hour. The clinic also provides HIPPA-compliant telehealth services and contracted mental health services to community partners such as Villa Majella, Community Solutions, and others.

Life Skills Parenting and Education Program

This program provides a series of psychoeducational classes and hands-on parenting skills, mindfulness strategies, and overall life skills to low-income families and individuals, veterans, and disadvantaged youth. These classes are provided at no cost to both clients and sponsoring agencies. Examples of groups completed in the last year include the Community Circle Group, NBCC's longest-running group, which began at the height of the COVID-19 pandemic in 2020 to provide support to isolated community members, the Seeking Safety Group, which provides community support to the residents of Johnson Court, and groups at Transition House and Villa Majella, which provide parenting groups in English and Spanish, and groups for Anger Management.

Safe Parking and Homeless Outreach Program

This program provides safe overnight shelter for vehicular homeless persons countywide. NBCC has run the program since 2004, and has grown it to become the leading vehicular homeless program in the country. NBCC sells a manual teaching other communities how to launch their own programs. The program provides rapid rehousing, case management, housing navigation, housing retention services, and financial assistance to Safe Parking clients and people referred through Coordinated Entry to transition them into and help them maintain secure housing.

Supportive Services for Veteran Families Program

This program is designed to provide short-term case management and temporary financial assistance to low-income veteran individuals and families living in or transitioning to permanent housing throughout the county, including in Carpinteria. The program is CARF accredited, a prestigious accreditation demonstrating the program's adherence to best practices. The goal is to end homelessness, and has assisted NBCC in growing to become the leading housing assistance service provider for veterans in Santa Barbara County.

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NOTES TO FINANCIAL STATEMENTS

Note 1 – ORGANIZATION (continued)

Supportive Services

NBCC provides contracted supportive housing retention services for the Housing Authority of the City of Santa Barbara at Johnson Court – the veteran -only permanent supportive housing development opened in 2020.

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.

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, 2021, 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.

NBCC

NOTES TO FINANCIAL STATEMENTS

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2021, 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 2017 and 2016, respectively.

NBCC

NOTES TO FINANCIAL STATEMENTS

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2021, totaled \$114,510.

Note 3 – GRANTS AND OTHER RECEIVABLES

Accounts and pledges receivable consist of the following amount at June 30, 2021:

Government Grants Receivable	\$ 371,252
Contract Receivable	24,044
Other Receivables	<u>40,990</u>
	436,196
Less: Allowance for Doubtful Accounts	<u>(43,561)</u>
Total	<u>\$ 392,635</u>

Note 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2021, with depreciation expense of \$52,923:

Furniture and Equipment	\$ 92,118
Leasehold Improvements	<u>69,560</u>
	161,678
Less: Accumulated Depreciation	<u>(98,561)</u>
Property and Equipment, Net	<u>\$ 111,419</u>

NBCC

NOTES TO FINANCIAL STATEMENTS

Note 5 – PREPAID EXPENSES

Prepaid expenses consist of the following at June 30, 2021:

Prepaid Accreditation Expenses	\$ 4,754
Prepaid Travel Expenses	10,851
Various Prepaid Expenses	<u>40,051</u>
Total	<u>\$ 55,656</u>

Note 6 – LINE OF CREDIT

NBCC has a line of credit arrangement with a maximum borrowing allowed of \$80,000, due May 20, 2024. As of June 30, 2021, the line of credit had a zero balance. The interest rate for the line of credit is 3.5% over the bank's lending index. At no time will the effective interest rate be less than 7.00%.

Note 7 – 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, 2021:

Current assets	
Cash and cash equivalents available within one year	\$ 311,714
Grants and other receivable	<u>392,635</u>
Total Current Assets	<u>704,349</u>
Current liabilities	<u>(169,220)</u>
Financial assets available to meet cash needs for general expenditures within one year as of June 30, 2021	<u>\$ 535,129</u>

Note 8 – 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, 2021, the cash balances did not exceed the federally insured limit.

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, 2021, total grants received from the SSVF Program accounted for approximately 35% of total revenue, gains and other support.

NBCC

NOTES TO FINANCIAL STATEMENTS

Note 9 – 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.

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 2022 and the future.

Note 10 – 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. On August 2, 2021, the loan was forgiven in full. NBCC recorded the loan as grant revenue for the year ended June 30, 2021.

Note 11 – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through October 31, 2022, 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, 2021

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 Program	14.267	N/A	\$ 70,770	\$ -
CDBG - Entitlement Grants Cluster				
Passed through City of Goleta				
Community Development Block Grant	14.218	#2014-080	17,723	-
Passed through County of Santa Barbara				
Community Development Block Grant	14.218	CN17410 17413	43,225	-
Total CDBG - Entitlement Grants Cluster			60,948	-
Passed through Housing Authority of the City of Santa Barbara				
	14.871	N/A	49,271	-
Passed through State of California				
Emergency Solutions Grant Program	14.231	13-ESG-8783	79,575	-
Passed through City of Santa Barbara				
Home Investment Partnerships Program	14.239	#25,911	56,266	-
Total U.S. Department of Housing and Urban Development			316,830	-
<u>U.S. DEPARTMENT OF THE TREASURY</u>				
Passed through County of Santa Barbara				
Coronavirus Relief Fund	21.019	N/A	63,824	-
Emergency Rental Assistance Program				
	21.023	N/A	959	-
Total U.S. Department of the Treasury			64,783	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed through County of Santa Barbara Probation				
Substance Abuse and Mental Health Services	93.243	BC 18-120	4,168	-
Total U.S. Department of Health and Human Services			4,168	-
<u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u>				
Direct Award:				
Supportive Services for Veteran Families (SSVF) Program	64.033		951,361	-
Total U.S. Department of Veterans Affairs			951,361	-
Total Federal Awards			\$ 1,337,142	\$ -

See notes to the schedule of federal awards

NBCC

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 includes the Federal award activity of the Organization, under programs of the federal government for the year ended June 30, 2021, 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

200 E. Carrillo Street, Suite 300, 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, 2021, 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 October 31, 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) 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.

A handwritten signature in cursive script that reads "McGowan Guntermann".

Santa Barbara, California
October 31, 2022



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

200 E. Carrillo Street, Suite 300, 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, 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

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



Santa Barbara, California
October 31, 2022

NBCC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

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	\$951,361

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, 2020.