

CHRISTIE'S PLACE

(A NON-PROFIT ORGANIZATION)

**FINANCIAL STATEMENTS, INDEPENDENT AUDITOR'S REPORT AND
UNIFORM GUIDANCE REPORTS**

FOR THE YEAR ENDED JUNE 30, 2022

LICHTER, YU AND ASSOCIATES, INC.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Christie's Place
San Diego, California

Members of the Board:

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Christie's Place (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Christie's Place as of June 30, 2022, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Christie's Place's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Christie's Place's ability to continue as a going concern for a reasonable period of time.

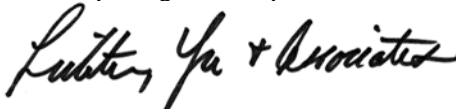
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming 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 schedule of expenditures of federal awards 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 30, 2022 on our consideration of the Christie's Place'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 the Christie's Place'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 the Christie's Place's internal control over financial reporting and compliance.



Woodland Hills, California
February 13, 2023

CHRISTIE'S PLACE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

<u>ASSETS</u>	June 30,	
	2022	2021
Cash	\$ 510,892	\$ 414,374
Grants receivable	148,810	224,482
Prepaid expenses	5,229	11,705
Fixed assets, net	487,110	500,713
Total Assets	\$ 1,152,041	\$ 1,151,274
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable	\$ 18,290	\$ 13,495
Accrued expenses	46,740	77,258
Notes payable	-	168,887
Mortgage payable	228,322	243,448
Total Liabilities	293,352	503,088
NET ASSETS:		
Without donor restrictions	464,268	407,063
With donor restrictions	394,421	241,123
Total Net Assets	858,689	648,186
Total Liabilities and Net Assets	\$ 1,152,041	\$ 1,151,274

See accompanying Notes to Financial Statements

CHRISTIE'S PLACE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total	
			June 30, 2022	2021
REVENUE AND SUPPORT				
Grants and sponsorships	\$ 1,192,810	\$ 345,000	\$ 1,537,810	\$ 1,340,423
Other income	10,892	-	10,892	60,258
Contributions	11,747	-	11,747	18,956
In-kind contributions	9,000	-	9,000	8,700
Special events (net of expenses of \$15,418 and \$3,482)	55,337	-	55,337	34,188
Net assets released from restrictions	191,702	(191,702)	-	-
Total Revenue and Support	1,471,488	153,298	1,624,786	1,462,525
Expenses				
Program services	1,312,650	-	1,312,650	1,277,067
Management and general	89,924	-	89,924	71,222
Fundraising	11,709	-	11,709	32,547
Total Functional Expenses	1,414,283	-	1,414,283	1,380,836
CHANGE IN NET ASSETS	57,205	153,298	210,503	81,689
NET ASSETS - Beginning of Year	407,063	241,123	648,186	566,497
NET ASSETS - End of Year	\$ 464,268	\$ 394,421	\$ 858,689	\$ 648,186

See accompanying Notes to Financial Statements

CHRISTIE'S PLACE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	Programs Services			Supporting Services			Total	
	Coordinated HIV Services for Women & Families	Empowerment, Networking & Trainings	Total Program	General	Fundraising	Total Supporting Services	2022	2021
Salaries	\$ 687,310	\$ 97,907	\$ 785,217	\$ 33,541	\$ 3,040	\$ 36,581	\$ 821,798	\$ 859,368
Payroll taxes	53,378	8,736	62,114	3,746	229	3,975	66,089	67,930
Employee benefits	70,294	12,101	82,395	6,352	327	6,679	89,074	93,451
Total Salaries and Related Expenses	810,982	118,744	929,726	43,639	3,596	47,235	976,961	1,020,749
Occupancy expenses	46,550	5,626	52,176	-	-	-	52,176	41,858
Consultants and professional fees	34,378	81,208	115,586	6,600	-	6,600	122,186	84,918
Subcontractors	-	2,389	2,389	-	6,500	6,500	8,889	6,000
Program supplies	10,698	18,790	29,488	658	269	927	30,415	51,632
Client services	12,931	39,938	52,869	-	-	-	52,869	21,258
Repairs and maintenance	4,509	-	4,509	10,668	-	10,668	15,177	8,335
Telephone	8,633	4,837	13,470	-	-	-	13,470	17,467
Internet expenses	6,851	556	7,407	-	-	-	7,407	2,741
In-kind expenses	-	-	-	9,000	-	9,000	9,000	8,700
General insurance	15,022	48	15,070	2,991	-	2,991	18,061	18,773
Staff development & appreciation	9,906	10,278	20,184	1,999	-	1,999	22,183	16,155
Equipment	4,783	5,393	10,176	27	-	27	10,203	9,801
Printing and copying	170	6,034	6,204	31	-	31	6,235	397
Storage	287	3,007	3,294	-	-	-	3,294	2,911
Equipment rental and repairs	9,649	4,320	13,969	-	-	-	13,969	12,444
Office supplies	6,162	1,845	8,007	-	-	-	8,007	9,607
Travel and mileage	2,818	2,895	5,713	1,138	-	1,138	6,851	3,122
Interest	730	-	730	11,200	-	11,200	11,930	12,466
Bank fees	-	-	-	-	595	595	595	330
Conference and community events	278	6,604	6,882	450	-	450	7,332	8,541
Miscellaneous	672	526	1,198	1,523	749	2,272	3,470	8,967
Total Expenses Before Depreciation	986,009	313,038	1,299,047	89,924	11,709	101,633	1,400,680	1,367,172
Depreciation	-	13,603	13,603	-	-	-	13,603	13,664
Total Expenses	\$ 986,009	\$ 326,641	\$ 1,312,650	\$ 89,924	\$ 11,709	\$ 101,633	\$ 1,414,283	\$ 1,380,836

See accompanying Notes to Financial Statements

**CHRISTIE'S PLACE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)**

	June 30,	
	2022	2021
OPERATING ACTIVITIES		
Change in net assets	\$ 210,503	\$ 81,689
Items not requiring (providing) cash		
Depreciation	13,603	13,664
PPP loan forgiveness	-	(569)
Changes in		
Grants receivable	75,672	(145,506)
Prepaid expenses	6,476	4,211
Accounts payable and accrued expenses	(25,723)	4,954
Deferred revenue	-	(6,550)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	280,531	(48,107)
FINANCING ACTIVITIES		
Payment on mortgage payable	(15,126)	(14,416)
Payment on Paycheck Protection Program	(168,887)	-
Payment on note payable	-	(3,166)
NET CASH (USED IN) FINANCING ACTIVITIES	(184,013)	(17,582)
NET INCREASE (DECREASE) IN CASH	96,518	(65,689)
CASH at beginning of period	414,374	480,063
CASH at end of period	\$ 510,892	\$ 414,374
SUPPLEMENTAL INFORMATION		
Interest expense paid	\$ 11,930	\$ 12,466

See accompanying Notes to Financial Statements

CHRISTIE'S PLACE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - General Information

Christie's Place (the Organization) is a California non-profit corporation, organized in May 1997 under the Non-Profit Public Benefit Corporation Law for charitable purposes. The Organization operates in San Diego County and provides comprehensive HIV/AIDS education, behavioral health care, social services, and advocacy. The mission of the Organization is to empower women, children, families and individuals whose lives have been impacted by HIV/AIDS to take charge of their health and wellness.

The Organization maintains facilities in San Diego that provide an array of services in a safe, supportive, home-like environment. Clients visit the Organization on a daily basis for information, support, and to access services all in one stop. At Christie's Place, clients can access a substantial range of services provided by a network of collaborative partners that empower women and families to help themselves and each other. The Organization brings clients out of isolation, provides mutual support and ensures access to the full continuum of HIV care and treatment.

The Organization's programs are funded by a combination of grants from governmental agencies, foundations and public donations.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors has discretionary control over these resources. Designated amount represent those net assets that the board has set aside for a particular purpose.
- 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.

The Organization has elected to present contributions with donor restriction that are fulfilled in the same period within the net assets without donor restrictions class.

Summarized Financial Information for 2021

The accompanying financial information as of and for the year ended June 30, 2021, is presented for comparative purposes only and is not intended to represent a complete financial statement presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in conformity with generally accepted accounting principles. Accordingly, the financial statements reflect all significant receivables, payables, and other liabilities.

Estimates

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

Revenue Recognition

All contributions are considered without restrictions unless specifically restricted by the donor. Contributions are recognized when the donor makes a promise to give, in substance and unconditionally. It is the Organization's policy to treat donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted. Donations that are not expended in the current year are classified as with donor restriction.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with maturities of three months or fewer are considered to be cash equivalent.

Accounts Receivable

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, if any, represents their estimated net realizable value. The allowance for doubtful accounts, if any, is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. There were no accounts receivable at June 30, 2022 and 2021.

Grants Receivable

Revenue from government grants is recorded to the extent of the expenses incurred under the grant for cost reimbursement grants, or service periods for fee-for-service grants. Any difference in expenses incurred and services provided and the total funds received under the grants are recorded as receivable from the granting agencies to the extent of the grant awards. Any funds received in excess of expenditures are recorded as deferred revenue.

The total amount of grants receivable of \$148,810 and \$224,482 as of June 30, 2022 and 2021, respectively consists of grants from government agencies which are deemed fully collectible within one year.

Fair Value Measurements

For certain of the Organization's financial instruments, including cash and equivalents, investments, grants receivable, accounts payable, accrued liabilities and short-term debt, the carrying amounts approximate their fair values due to their short maturities. ASC Topic 820, "Fair Value Measurements and Disclosures," requires disclosure of the fair value of financial instruments held by the Organization. ASC Topic 825, "Financial Instruments," defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The carrying amounts reported in the balance sheets for investments, receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels of valuation hierarchy are defined as follows:

Level 1 inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.

Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Organization's statements of financial position did not have financial instruments that required to be measured at fair value on a recurring basis.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. The Organization evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. There were no transfers between Level 1, Level 2, or Level 3 for the fiscal year ended June 30, 2022.

Donated Goods and Services

Donated goods and services that would typically need to be purchased if not donated are recognized in the accompanying financial statements as contributions when such goods and services (a) enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills. Donated goods and services are recorded at estimated fair market value on the date of the gift. Contributed auxiliary services are not reflected in the financial statements. The Organization pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization. Details for the donated in-kind contributions recorded at their estimated fair market values are as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Program supplies	<u>\$ 9,000</u>	<u>\$ 8,700</u>
	<u>\$ 9,000</u>	<u>\$ 8,700</u>

Fixed Assets

Fixed assets are unrestricted and carried at cost or, if donated, at the approximate fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$500 and the useful life is greater than one year. Depreciation is computed using the straight-line method over the estimated useful life of the asset, as follows: furniture, fixtures and equipment over 3 to 10 years and buildings over 31 to 40 years.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Revenues and Other Support, Expenses, and Changes in Net Assets, and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited in a manner management believes to be reasonable and appropriate.

Income Taxes

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California. Therefore, no provision for federal or California income tax is reflected in the financial statements.

The Organization follows the provisions of FASB ASC 740-10, *Income Taxes*, and accordingly, the Organization accounts for uncertain tax positions by recording a liability for unrecognized tax benefits resulting from uncertain tax positions taken, or expected to be taken, in its tax returns. The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained by the appropriate taxing authorities. The Organization does not believe that its financial statements include any uncertain tax positions and accordingly, has not recognized any liability for unrecognized tax benefits in the accompanying financial statements.

Recently Issued Accounting Pronouncement

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statement of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statement of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards.

The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021, and any interim periods within annual reporting periods that begin after December 15, 2022. The Organization is evaluating the impact the standard will have on the financial statements; however, the standard may have a material impact on the financial statements due to the recognition of additional assets and liabilities for operating leases.

Reclassification

Certain prior period amounts have been reclassified to conform to the fiscal year ended June 30, 2022 presentation.

Note 3 – Grants and Contracts

The Organization has received state and federal funds subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under the terms of the grants, it is believed that any required reimbursement would not be material.

Note 4 - Cash

The Organization maintains its cash balances at Bank of America located in San Diego, California. As of June 30, 2022 and 2021, the balances were insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2022 and 2021, the Organization had approximately \$260,000 and \$165,000 in uninsured cash balances held at the bank, respectively. No reserve has been made on the financial statements for any possible loss due to any financial institution failure. The Organization’s management believes that the financial institutions holding its cash balances are financially secure.

Note 5 - Credit Risk

Since financial institutions generally have no responsibility with respect to deposits in transit and outstanding checks, in the event of a financial institution failure, the financial institutions will not honor deposits in transit and outstanding checks. The actual risk, the bank’s liability to its customer (i.e., the Organization) arising from cash deposits at such entities equals the balances reported by them, exclusive of the customer’s deposits in transit and outstanding checks (i.e., a month end bank statement balance).

Note 6 - Fixed Assets

Fixed assets consist of the following:

	June 30,	
	2022	2021
Furniture and Equipment	\$ 21,832	\$ 21,832
Building Improvements	83,080	83,080
Building and Land	607,284	607,284
	712,196	712,196
Accumulated Depreciation	(225,085)	(211,482)
	<u>\$ 487,110</u>	<u>\$ 500,713</u>

Depreciation expense was \$13,603 and \$13,664 for the years ended June 30, 2022 and 2021.

Note 7 - Compensated Absences

All regular full-time and part-time employees are eligible for paid vacation time. The rate of accrual is based on length of employment and prorated by full-time equivalency. The rates of accrual for full-time employees are as follows:

<u>Months of Employment</u>	<u>Monthly Accrual Rate (Hours)</u>	<u>Vacation Accrual Cap</u>
0-24	6.67	160 Hours
25-48	10	160 Hours
48 or more	13.33	160 Hours

Once an employee has reached his or her vacation accrual cap, no additional time will be accrued until some vacation time is used. The date of hire will be considered the anniversary date for vacation purposes. Upon termination, employees are paid for any accumulated unpaid vacation leave. As of June 30, 2022 and 2021, vacation liability exists in the amount of \$43,163 and \$42,699 respectively.

Note 8 – Accrued Expenses

Accrued expenses at June 30, 2022 and 2021, consisted of the following:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Accrued payroll and related expenses	\$ -	\$ 34,559
Employee benefits	3,577	-
Accrued vacation	43,163	42,699
	<u>\$ 46,740</u>	<u>\$ 77,258</u>

Note 9 – Notes Payable

Mortgage Payable

In June of 2003, the Organization purchased a building in the amount of \$600,000 to be used as its primary location for program and support services. The building was purchased with a mortgage payable to Bank of America of \$450,000. The Organization refinanced with Bank of America on August 3, 2013. Terms of the refinance was for \$340,000 with interest rate at 4.75% and monthly payments of \$2,210 beginning September 10, 2013 until August 10, 2023 when the final payment of approximately \$209,386 is due. The mortgage note is a first trust deed secured by the Organization’s building. As of June 30, 2022 and 2021, loan balance was \$228,322 and \$243,448 respectively.

Paycheck Protection Program

On April 29, 2020, the Organization received a loan from the Paycheck Protection Program (PPP) in the amount of \$219,997 with interest at 1% and maturity on April 29, 2022. The loan is to be repaid starting November 29, 2020. The Organization applied \$53,740 in direct expenses related to cover payroll and certain other expenses in accordance with the requirement of the PPP. Loan balance in the amount of \$51,456 was forgiven with the balance to be repaid. As of June 30, 2021, loan balance was \$168,887 with monthly payment of \$19,053 beginning September 2021. The loan was paid in full in February 2022.

As of June 30, 2022 and 2021, total mortgage and notes payable outstanding were as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Current portion	\$ 16,021	\$ 174,163
Long term portion	212,301	238,161
Total due	<u>\$ 228,322</u>	<u>\$ 430,486</u>

Maturity of these loans is as follows as of June 30, 2022:

June 30,	
2023	\$ 16,021
2024	212,301
	<u>\$ 228,322</u>

Note 10 – Employee Benefit Plan

The Organization provides a 401(k) plan (the Plan) for substantially all employees. In addition to employee contributions, The Organization makes matching contribution to the Plan up to 3% of each participant’s annual compensation. All employees who work at least 1,000 hours per year and are at least 21 years of age and completed 3 months of services are eligible to participate. Contributions made by the Organization to the Plan totaled \$21,803 and \$24,299 for the years ended June 30, 2022 and 2021, respectively.

Note 11 - Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year.

	<u>June 30, 2022</u>
Financial assets:	
Cash and cash equivalents	\$ 510,892
Grants and other receivable, current portion	148,810
Less contractual or donor-imposed restrictions:	
Donor restrictions for specific purpose and time	<u>(394,421)</u>
Financial assets available within one year of the statement of financial position date for general expenditure	<u><u>\$ 265,281</u></u>

As part of the Organization's liquidity management, it will structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 12 - Net Assets with Donor Restrictions

In June of 2003, the Organization entered into an agreement with the City of San Diego for a Community Development Block Grant (CDBG). This agreement was a grant for \$147,000. The general purpose of the CDBG was for the Organization to use the funds as a down payment towards the acquisition of a facility to be used as a support center for families living with HIV/AIDS.

Terms of the Agreement require the Organization to: (1) use of facility as a support center for families living with HIV/AIDS, (2) to reimburse the City for its contribution to the purchase of the facility should the organization dispose of the property or no longer provide support services for families living with HIV/AIDS.

Net assets with donor restrictions consist of the following:

	<u>June 30, 2021</u>	<u>Additions</u>	<u>Expenditure/ Release</u>	<u>June 30, 2022</u>
CDBG Grant	\$ 147,000	\$ -	\$ -	\$ 147,000
Faith Based Action Coalition	710	-	(710)	-
Gilead	26,389	225,000	(75,907)	175,482
Viiv	29,393	110,000	(77,454)	61,939
Johnson and Johnson	-	10,000	-	10,000
AIDS United POP	34,433	-	(34,433)	-
The San Diego Foundation Covid-19 Community Response Fund	3,198	-	(3,198)	-
	<u>\$ 241,123</u>	<u>\$ 345,000</u>	<u>\$ (191,702)</u>	<u>\$ 394,421</u>

Note 13 - Lease Obligations

The Organization leases an office space, storage space and various equipment under operating leases in San Diego. The office lease expires on June 30, 2023 and the equipment leases expire in May 2023 and July 2024. Rental expense for these leases was \$40,429 and \$38,136 for the year ended June 30, 2022 and 2021 respectively. As of June 30, 2022, the Organization has future minimum lease obligations as follows:

	<u>June 30,</u>
2023	\$ 37,449
2024	9,036
2025	<u>753</u>
Total	<u><u>\$ 47,238</u></u>

Note 14 – Effect of Current Economic Conditions on Revenue and Support

As a result of the spread of the SARS-CoV-2 virus and the incidence of Covid-19, economic uncertainties have arisen which may negatively affect the financial positions, result of operations, and cash flows of the Organization. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

The Organization depends heavily on contributions, fundraising events and grants for its revenue. The ability of the Organization to attract support comparable to prior years may be dependent upon current and future overall economic conditions and the continued deductibility for income tax purposes of donations to the Organization. While the Organization's Board of Directors believes the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

Note 15 – Subsequent Events

The Organization has evaluated subsequent events through February 13, 2023 the date on which the financial statements were available to be issued. The Organization is not aware of any subsequent events that require recognition or disclosure in the financial statements.

CHRISTIE'S PLACE
(A NON-PROFIT ORGANIZATION)
UNIFORM GUIDANCE REPORTS
JUNE 30, 2022

LICHTER, YU AND ASSOCIATES, INC.
CERTIFIED PUBLIC ACCOUNTANTS

20700 VENTURA BLVD., SUITE 236
WOODLAND HILLS, CA 91364
TEL (818)789-0265 FAX (818) 789-3949

**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
Christie's Place
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Christie's Place (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 13, 2023.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Christie's Place's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rutter, Yu & Associates". The signature is written in a cursive, flowing style.

Woodland Hills, California
February 13, 2023

LICHTER, YU AND ASSOCIATES, INC.
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

To the Board of Directors
Christie's Place
San Diego, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Christie's Place's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Christie's Place's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Christie's Place's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Christie's Place's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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



Woodland Hills, California
February 13, 2023

**CHRISTIE'S PLACE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/ Federal Program or Cluster Title	Pass-Through Grantor/ Grant Name	Grants Number	Federal CFDA Number	Federal Expenditures
MAJOR PROGRAMS				
U.S. Department of Health and Human Services				
County of San Diego				
HIV, STD & Hepatitis Branch of Public Health Services				
Ryan White Treatment Modernization Act Funds				
	Ryan White Treatment Extension Act of 2009			
	Direct Contract	557753	93.914	\$ 960,335
Total Major Programs				\$ 960,335
NONMAJOR PROGRAMS				
U.S. Department of Health and Human Services				
County of San Diego				
HIV, STD & Hepatitis Branch of Public Health Services				
Ending the HIV Epidemic: A Play for America				
	HRSA 20-078 End the HIV Epidemic			
	Direct Contract	565588	93.686	\$ 35,583
Total Expenditure of Federal Awards				\$ 995,918

The accompanying notes are an integral part of the schedule of expenditures of federal awards

CHRISTIE'S PLACE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A – Basis of Accounting

The accompanying restated Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activities of Christie's Place (the Organization) for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note B – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, either the cost principles contained in the Uniform Guidance or in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note C – Catalog of Federal Domestic Assistance (CFDA) Number

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2022 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier and the word "unknown" were used.

Note D – Indirect Cost Rate

The Organization elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CHRISTIE'S PLACE
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section 1 - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None reported

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

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

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.914	Ryan White Treatment Extension Act of 2009 County of San Diego HIV, STD & Hepatitis Branch of Public Health Service Ryan White Treatment Modernization Act Funds

Dollar Threshold Used to Distinguish between Type A and Type B Programs _____ \$750,000 _____

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

**CHRISTIE'S PLACE
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section 2 - Financial Statement Findings

No matters were reported.

Section 3 - Federal Award Findings and Questioned Costs

No matters were reported.

Section 4 - Auditee's summary schedule of prior audit findings required to be reported in accordance with 2 CFR 200.511(b)?

There were no findings or recommendations in the prior year that require follow-up in the current year.