



*Reports of Independent Auditors and
Financial Statements with Supplementary Information*

Marjaree Mason Center, Inc.

*September 30, 2022 with
Summarized Comparative Information for the
Year Ended September 30, 2021*

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Report of Independent Auditors

The Board of Directors
Marjaree Mason Center, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Marjaree Mason Center, Inc. (the “Organization”), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position Marjaree Mason Center, Inc. as of September 30, 2022, and the changes in its net assets and its cash flows thereof 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization’s ability to continue as a going concern for one year after the date 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.


Other Information

Management is responsible for the other information included in the report. The other information comprises the combining schedule of revenue, support and expenses but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2023 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 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 Organization'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 Organization's internal control over financial reporting and compliance.



Fresno, California
January 16, 2023

Financial Statements

Marjaree Mason Center, Inc.
Statements of Financial Position
September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,579,744	\$ 2,856,348
Investments in marketable securities	2,882,821	1,660,013
Grants receivable	640,690	1,022,978
Other receivables	4,763	-
Pledges receivable, current portion	159,952	123,467
Prepaid expenses	149,969	97,803
Deposits	<u>125,025</u>	<u>28,798</u>
Total current assets	6,542,964	5,789,407
PROPERTY AND EQUIPMENT, net	2,582,410	2,755,981
PLEDGES RECEIVABLE, net of current portion	25,000	50,000
BENEFICIAL INTEREST IN PERPETUAL TRUSTS, net	<u>184,500</u>	<u>821,719</u>
Total assets	<u>\$ 9,334,874</u>	<u>\$ 9,417,107</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 247,737	\$ 164,358
Accrued salaries and benefits	316,091	254,397
Deferred revenue	220,600	160,350
Refundable advances	<u>-</u>	<u>327,888</u>
Total liabilities	<u>784,428</u>	<u>906,993</u>
NET ASSETS		
Without donor restriction	6,430,976	6,192,673
With donor restriction	<u>2,119,470</u>	<u>2,317,441</u>
Total net assets	<u>8,550,446</u>	<u>8,510,114</u>
Total liabilities and net assets	<u>\$ 9,334,874</u>	<u>\$ 9,417,107</u>

Marjaree Mason Center, Inc.
Statement of Activities and Changes in Net Assets
Year Ended September 30, 2022
(with Summarized Comparative Information for Year Ended September 30, 2021)

	Without Donor Restriction	With Donor Restriction	Total	
			2022	2021
REVENUES, GAINS, AND OTHER SUPPORT				
Grants and contracts	\$ 5,413,940	\$ -	\$ 5,413,940	\$ 5,153,180
Contributions	1,531,957	1,413,587	2,945,544	3,003,763
In-kind donations	101,521	-	101,521	123,274
Special events	521,886	-	521,886	303,701
Program fees	145,948	-	145,948	184,990
Other income	14,700	-	14,700	42,897
Legacies and bequests	100,000	-	100,000	109,777
Emergency Housing and Assistance grant	-	-	-	1,210,000
Loss on disposal of assets	-	-	-	(7,118)
Net realized and unrealized (loss) gain in fair value of perpetual trusts	-	(85,438)	(85,438)	54,522
Interest and dividend income, net	53,739	-	53,739	25,457
Net realized and unrealized (loss) gain in fair value of investments	(555,060)	-	(555,060)	183,742
Total revenues, gains, and other support	7,328,631	1,328,149	8,656,780	10,388,185
NET ASSETS RELEASED FROM RESTRICTIONS				
Restrictions satisfied by payment of related expenses	1,526,120	(1,526,120)	-	-
Total revenues, gains, and other support after net assets released from restrictions	8,854,751	(197,971)	8,656,780	10,388,185
EXPENSES				
Program services	6,592,236	-	6,592,236	6,078,802
Supporting services	1,222,750	-	1,222,750	924,362
Fundraising	768,309	-	768,309	575,795
Total expenses	8,583,295	-	8,583,295	7,578,959
CHANGES IN NET ASSETS	271,456	(197,971)	73,485	2,809,226
NET ASSETS, beginning of year	6,192,673	2,317,441	8,510,114	5,723,152
GRANT FUNDED ASSETS				
Contributions	85,086	-	85,086	132,519
Depreciation	(118,239)	-	(118,239)	(131,321)
Disposals	-	-	-	(23,462)
Changes in grant funded assets	(33,153)	-	(33,153)	(22,264)
NET ASSETS, end of year	\$ 6,430,976	\$ 2,119,470	\$ 8,550,446	\$ 8,510,114

Marjaree Mason Center, Inc.
Statement of Functional Expenses
Year Ended September 30, 2022

(with Summarized Comparative Information for Year Ended September 30, 2021)

	Program Services							Total	
	Emergency Services	Rehousing Services	Advocacy and	Other	Total	Supporting Services	Fundraising		
			Legal Assistance	Programs	Program Services			2022	2021
Accounting and legal	\$ 25,427	\$ 13,663	\$ 1,505	\$ 4,098	\$ 44,693	\$ 31,242	\$ 294	\$ 76,229	\$ 48,563
Advertising	149	399	-	3,661	4,209	3,872	9,060	17,141	12,489
Bad debt expense	-	-	-	-	-	-	2,500	2,500	-
Bank charges	-	-	-	-	-	88	-	88	891
Computer services	24,484	4,537	1,808	2,219	33,048	3,908	1,507	38,463	42,423
Conferences, conventions, and meetings	17,328	4,162	1,540	15,778	38,808	6,834	71,764	117,406	142,081
Depreciation	142,481	26,457	-	-	168,938	14,119	-	183,057	180,824
Donated services and supplies	72,449	31,749	-	-	104,198	3,864	-	108,062	123,086
Dues and subscriptions	10,776	600	1,273	902	13,551	7,678	6,163	27,392	20,752
Employee benefits	406,383	75,350	33,526	34,938	550,197	244,918	43,214	838,329	636,311
Equipment rental, repairs, and maintenance	287,784	100,531	17,103	13,624	419,042	27,966	79,988	526,996	532,527
Food	120,940	462	65	-	121,467	207	-	121,674	152,892
Insurance	43,003	5,484	1,061	1,230	50,778	22,129	680	73,587	68,245
Interest	-	-	-	-	-	316	-	316	30,000
Miscellaneous	484	50	-	10	544	3,505	87	4,136	1,390
Office expense	10,440	2,034	580	1,856	14,910	40,296	3,832	59,038	44,375
Printing	1,402	4,714	419	16,987	23,522	858	36,916	61,296	35,653
Professional fees	54,055	8,556	2,157	32,282	97,050	119,642	178,915	395,607	274,259
Program supplies	918,013	432,612	11	39,092	1,389,728	4,561	31,508	1,425,797	1,406,256
Rent	128,340	15,913	1,097	14,306	159,656	3	17,775	177,434	184,262
Salaries	2,202,662	386,418	227,840	187,556	3,004,476	657,471	279,905	3,941,852	3,357,482
Security	105,593	1,101	-	-	106,694	-	-	106,694	10,922
Taxes and licenses	93	6,759	-	-	6,852	17,111	-	23,963	121
Utilities	207,392	24,185	4,337	3,961	239,875	12,162	4,201	256,238	273,155
	<u>\$ 4,779,678</u>	<u>\$ 1,145,736</u>	<u>\$ 294,322</u>	<u>\$ 372,500</u>	<u>\$ 6,592,236</u>	<u>\$ 1,222,750</u>	<u>\$ 768,309</u>	<u>\$ 8,583,295</u>	<u>\$ 7,578,959</u>

See accompanying notes to financial statements.

Marjaree Mason Center, Inc.
Statements of Cash Flows
Years Ended September 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 73,485	\$ 2,809,226
Adjustment to reconcile changes in net assets to net cash from operating activities:		
Depreciation	183,057	180,824
Bad debt expense	2,500	-
Loss on disposal of assets	-	7,118
Contribution of beneficial interest in perpetual trust	-	(572,905)
Net realized and unrealized loss (gain) on investments and perpetual trusts	640,498	(238,264)
Dividend income, reinvested	(12,850)	(16,974)
Changes in operating assets and liabilities:		
Grants receivable	379,788	(229,017)
Pledges receivable	(11,485)	50,339
Other receivables	(4,763)	-
Prepaid expenses	(52,166)	(12,453)
Deposits	(96,227)	13,527
Accounts payable and accrued expenses	83,379	(239,759)
Accrued salaries and benefits	61,694	(61,292)
Deferred revenue	60,250	71,450
Refundable advances	(327,888)	(672,112)
Net cash from operating activities	<u>979,272</u>	<u>1,089,708</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for construction in progress	-	(20,071)
Purchase of property and equipment	(42,639)	(4,402)
Proceeds from disposal of assets	-	14,500
Proceeds from distribution of beneficial interest in perpetual trust	551,781	-
Purchases of investments	(2,350,847)	(238,300)
Proceeds from sale of investments	<u>585,829</u>	<u>227,094</u>
Net cash from investing activities	<u>(1,255,876)</u>	<u>(21,179)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	(276,604)	1,068,529
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,856,348</u>	<u>1,787,819</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,579,744</u>	<u>\$ 2,856,348</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
In-kind contributions	\$ 101,521	\$ 123,274
Assets placed in service from construction in progress	\$ -	\$ 70,759

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities – Marjaree Mason Center, Inc. (the “Organization”), a California nonprofit corporation, operates shelters for victims of domestic violence and their children, and provides counseling, education, and other related services in Fresno County and surrounding areas. The Organization receives funding for its programs and operations from a variety of governmental and community sources, including, but not limited to, the City of Fresno, the County of Fresno, U.S. Department of Housing & Urban Development, and the California Office of Emergency Services.

Method of accounting – The Organization uses the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently implemented pronouncement – On October 1, 2021, the Organization adopted Accounting Standards Update (“ASU”) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard is intended to improve U.S. GAAP by increasing the transparency of contributed nonfinancial assets for not-for-profit (“NFP”) entities through enhancements to presentation and disclosure. The amendments in this update address certain stakeholders’ concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFP’s, as well as the amount of those contributions used in an NFP’s programs and other activities. The standard is effective for annual periods beginning after June 15, 2021, and as such, the Organization adopted the new standard effective October 1, 2021, under a retrospective basis. The adoption of this standard did not have a significant impact on the Organization’s financial position, activities and change in assets, or cash flows. No changes were recorded to previously reported transactions as a result of the adoption.

Revenue recognition – Contributions, legacies and bequests, and unconditional grants are recognized as support and revenues when they are received or unconditionally pledged. These contributions are shown as restricted support and revenues if they are subject to time or donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions when a stipulated time restriction ends, purpose restriction is accomplished, or both; however, contributions and grants with donor restrictions are reported as support and revenues without donor restrictions if the restriction is met in the same year that the gift is received.

Conditional contributions are not recorded as support and revenues until the conditions are met. Payments classified as exchange transactions (reciprocal transfers between two entities in which goods and services of equal value is exchanged) are not recorded as other support and revenue until allowable expenditures are incurred.

Special events revenue is recognized at a point in time when the event takes place. Amounts collected in advance of the event are deferred until the event is conducted.

Marjaree Mason Center, Inc.

Notes to Financial Statements

Program fees revenue is recognized at a point in time when the service takes place and consists of amounts collected for education and training program services provided to program participants.

Grant arrangements have been evaluated and determined to be nonreciprocal, meaning the granting entity has not received a direct benefit in exchange for the resources provided. Instead, revenue is recognized as a conditional contribution—when the barrier to entitlement is overcome. The barrier to entitlement is considered overcome when expenditures associated with the grant are determined to be allowable and all other significant conditions of the grant are met. The largest of these grants supports the Organization's emergency services and rehousing services programs to operate their shelters for victims of domestic violence and their children, and to provide counseling and educational services.

Conditional grant revenue recognition – In accordance with Accounting Standards Codification ("ASC") 958-605, *Not-for-Profit Entities—Revenue Recognition* ("ASC 958-605"), for conditional grants, the Organization accounts for these grants initially as refundable advances until the conditions of the grant are substantially met.

Classification of net assets – Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Without donor restriction – Net assets not subject to use or time restrictions. A portion of these net assets may be designated by the Board of Directors for specific purposes. At September 30, 2022 and 2021, there were no board-designated net assets.

With donor restriction – Defined as that portion of net assets that consist of a restriction on the specific use or the occurrence of a certain future event. Net assets with donor restriction represent amounts collected by the Organization to be spent on specific purposes or activities. Restrictions on net assets are usually met within a year of receiving the amount restricted.

Cash and cash equivalents – For purposes of reporting the statements of cash flows, the Organization considers cash accounts, money market accounts, and certificates of deposits with original maturities of three months or less to be cash equivalents. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At September 30, 2022 and 2021, the Organization had approximately \$1,943,000 and \$2,785,000 uninsured cash balances, respectively. The Organization has not experienced any losses on those deposits and believes it is not exposed to any significant credit risk.

Investments in marketable securities – Investments in marketable securities consist primarily of publicly traded mutual funds and common stock and are recorded at fair value. These investments are covered by the Securities Investor Protection Corporation up to \$500,000 (including \$250,000 of cash). Investment income and unrealized gains and losses, net of investment expenses, are reported in the statement of activities and changes in net assets.

Grants receivable – The Organization utilizes the allowance of accounting for and reporting uncollectible or doubtful accounts. Management determines the allowance for doubtful accounts based on an analysis of specific customers, taking into consideration the age of the past due accounts and an assessment of the customer’s ability to pay. At September 30, 2022 and 2021, management considered all grants receivable balances to be fully collectible and, therefore, no allowance for doubtful accounts has been recorded. Grants receivable are written off when deemed uncollectible. Recoveries of grants receivable previously written off are recorded as income when received.

The Organization grants credit to its customers, substantially all of which are government agencies (federal, state, and local) and generally requires no collateral from its customers.

Contributions and pledges receivable – Unconditional contributions, including pledges to give at estimated net realizable value, are recognized as revenue in the period received. The Organization reports conditional contributions as with donor restriction support if they are received with donor stipulations that limit the use of the donated assets. Pledges receivable at September 30, 2022 and 2021, amounted to \$184,952 and \$173,467, respectively.

Property and equipment – According to the Organization’s policy, property and equipment acquisitions over \$2,500 are capitalized. Purchased property and equipment is capitalized at cost, donated property and equipment is recorded at fair value. The Organization does not imply restrictions on the use of contributed property and equipment received without donor stipulations. Expenditures that increase the life of the related assets are capitalized. Repairs and maintenance, including planned major maintenance activities, are charged to operations when incurred. Leasehold improvements are depreciated over the lesser of the remaining lease agreement or the estimated useful life.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and land improvements	5–40 years
Furnishings, equipment, and vehicles	5–10 years

Property and equipment purchased with federal funds is subject to various usage, maintenance, and disposition provisions of the Uniform Guidance, as well as any additional provisions established by the funding agency.

Deferred revenue – Deferred revenue represents special event revenues received by the Organization in advance of the event’s occurrence and grant monies billed but not yet received or earned.

In-kind contributions – Contributions of noncash assets are utilized by the Organization in providing services and are recorded at their fair values in the period received. Contributions of noncash assets received for fundraising events (such as catering, entertainment, etc.) are not recorded in the accompanying financial statements. In addition, contributions of noncash assets to be sold at fundraising events by the Organization are recorded at the time of sale. Contributions of donated services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Marjaree Mason Center, Inc.

Notes to Financial Statements

A number of unpaid volunteers have made significant contributions of their time to the Organization. However, the value of these services is not reflected in the accompanying financial statements because U.S. GAAP do not allow for the recognition of nonspecialized services. The values of professional services provided by trained volunteers are recorded in the accompanying financial statements (see Note 12).

Advertising costs – Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received. For the years ended September 30, 2022 and 2021, advertising costs expensed amounted to \$17,141 and \$12,489, respectively; no costs were capitalized.

Allocation of expenses – The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. During the year, such costs are accumulated into separate groupings as either “direct” or “indirect.” Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit, such as square footage, hours worked, and employee headcount. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fundraising expenses – Costs of acquiring or applying for a contract or grant are categorized as indirect expenses and not separately stated as fundraising expenses. Fundraising expenses are expensed as incurred. Revenue from fundraising events is recognized in the period in which the event takes place.

Income taxes – The Organization is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the State of California Corporate Code. The Organization is subject to taxation on any unrelated business income.

Uncertain tax positions – The Organization recognizes the effect of income tax provisions only if those positions are more likely than not of being sustained. The Organization does not believe its financial statements include any uncertain tax positions.

Summarized comparative information – The accompanying financial statements include certain prior-year comparative information in summarized form without net asset class detail or functional expense allocation detail. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the prior year ended September 30, 2021, from which the summarized information was derived.

NOTE 2 – INVESTMENTS IN MARKETABLE SECURITIES

Investments in marketable securities consisted of the following at September 30:

	2022	2021
Mutual funds:		
Columbia Ultra Short Term Bond CLA	\$ 248,700	\$ -
Pioneer Multi Asset Ultrashort Income CLA	247,538	-
Fidelity Advisor Short Term Bond CLA	237,168	-
CVCF Social Impact Pooled Investment	208,165	69,828
JP Morgan Equity Income CLI	165,952	120,697
Columbia Disciplined Cor Instl CI	124,546	131,218
PGIM Floating Rate Income CL Z	120,284	-
MFS Total Return Bond CLI	117,483	96,157
Columbia Strategic Income CLZ	114,580	93,464
AB High Income Advisor CL	107,985	91,806
Fidelity Advisor Strategic Income CLI	104,686	84,265
Mainstay CBRE Global Infra CLI	98,696	47,597
Brandywineglobal Global Opptys Bond CL I	91,280	95,466
Janus Henderson High Yield CLI	85,366	72,590
BNY Mellon Global Real Return CLI	75,784	-
Blackstone Alt Multi Strategy CLI	75,766	-
Columbia Select Global Equity	74,734	70,657
Western Asset Core Plus Bond CLI	73,814	64,899
BNY Mellon International Bond CLI	58,639	-
Federated Hermes Strategic Value	52,439	-
Janus Henderson Global Real Estate CLI	52,335	47,704
Columbia Seligman Global Technology CLZ	42,715	37,942
Invesco Balanced Risk Alloc CLY	40,230	36,386
Delaware Small Cap Core CLI	40,210	-
Transamerica Intl Equity CLI	39,858	37,184
AB Sustainable Global Thematic Advisor CL	36,055	33,932
Janus Henderson Global Life Sciences CLI	27,385	21,839
Columbia Strategic Income CLZ	10,951	6,377
MFS Conservative ALLOC CLI	-	99,622
Fidelity Advisor New Market Income CLI	-	58,719
Matthews Asia Dividend Investor CL	-	57,499
Dreyfus Intl bond CLI	-	53,231
JPMorgan Core Bond CL I	-	45,063
Total mutual funds	2,773,344	1,574,142
Exchange-traded funds:		
SPDR S&P 500 ETF	102,133	82,943
Money market fund:		
Ameriprise Insured Money Market	7,344	2,928
Total investments in marketable securities	\$ 2,882,821	\$ 1,660,013

Marjaree Mason Center, Inc.

Notes to Financial Statements

During the years ended September 30, 2022 and 2021, dividend income reinvested into mutual funds was approximately \$13,000 and \$17,000, respectively. During the years ended September 30, 2022 and 2021, net realized and unrealized (loss) and gain was \$(555,060) and \$183,742, respectively. During the years ended September 30, 2022 and 2021, proceeds from the sales of investments were \$585,829 and \$227,094, respectively.

NOTE 3 – FAIR VALUE MEASUREMENTS

The Organization's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. The Organization had no assets or liabilities measured using Level 2 or Level 3 inputs. The three levels of the fair value of hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted market prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

Level 1 fair value measurements – The fair value of mutual funds and exchange traded funds are based on quoted prices in active markets for identical assets.

Marjaree Mason Center, Inc.
Notes to Financial Statements

Investments held at net asset value – Beneficial interests in perpetual trusts are valued at the pro-rata ownership percentage of the net asset value (“NAV”) of the private investment. The NAV is based on the underlying assets in the trust, which consist of common stocks and mutual funds. The use of NAV as fair value is deemed appropriate as the private investments do not have finite lives, unfunded commitments relating to these types of investments, or significant restrictions on redemptions.

Accounting standards allow for the use of a practical expedient for the estimations of the fair value of investment companies or private investments for which the investment does not have a readily determinable fair value. The practical expedient used by the Organization to value these investments is the NAV. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets measured at fair value on a recurring basis as of September 30, 2022:

	Fair Value Measurements			Investments Held at NAV	Total
	Level 1	Level 2	Level 3		
Mutual funds:					
Blended Bond	\$ 1,379,081	\$ -	\$ -	\$ -	\$ 1,379,081
Domestic Stock	538,873	-	-	-	538,873
International Bond	225,684	-	-	-	225,684
Blended Asset	116,013	-	-	-	116,013
Blended Stock	388,162	-	-	-	388,162
Domestic Bond	125,531	-	-	-	125,531
Total mutual funds	2,773,344	-	-	-	2,773,344
Exchange-traded funds	102,133	-	-	-	102,133
Money market funds	7,344	-	-	-	7,344
Beneficial interest in perpetual trusts	-	-	-	184,500	184,500
Total assets at fair value	<u>\$ 2,882,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,500</u>	<u>\$ 3,067,321</u>

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets measured at fair value on a recurring basis as of September 30, 2021:

	Fair Value Measurements			Investments Held at NAV	Total
	Level 1	Level 2	Level 3		
Mutual funds:					
Blended Bond	\$ 488,712	\$ -	\$ -	\$ -	\$ 488,712
Domestic Stock	328,120	-	-	-	328,120
International Bond	207,416	-	-	-	207,416
Blended Asset	136,008	-	-	-	136,008
Blended Stock	262,923	-	-	-	262,923
Domestic Bond	93,464	-	-	-	93,464
International Stock	57,499	-	-	-	57,499
Total mutual funds	1,574,142	-	-	-	1,574,142
Exchange-traded funds	82,943	-	-	-	82,943
Money market funds	2,928	-	-	-	2,928
Beneficial interest in perpetual trusts	-	-	-	821,719	821,719
Total assets at fair value	<u>\$ 1,660,013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 821,719</u>	<u>\$ 2,481,732</u>

The Organization’s policy is to recognize transfers into and out of Levels 2 and 3 inputs as of the date of the event or change in circumstances that caused the transfer. For the years ended September 30, 2022 and 2021, there were no significant transfers into or out of Level 2 or Level 3 inputs.

Marjaree Mason Center, Inc.
Notes to Financial Statements

NOTE 4 – GRANTS RECEIVABLE

Grants receivable consisted of the following at September 30:

	<u>2022</u>	<u>2021</u>
California Office of Emergency Services	\$ 259,984	\$ 203,714
County of Fresno	137,336	122,587
U.S. Department of Housing and Urban Development	129,623	513,142
FEMA	44,916	68,798
City of Fresno	38,237	64,209
Westcare	18,019	30,722
Fresno Unified	8,345	-
Madera County	4,230	3,231
Saint Agnes Hospital	-	16,575
	<u>\$ 640,690</u>	<u>\$ 1,022,978</u>

NOTE 5 – PLEDGES RECEIVABLE

Pledges receivable consisted of the following at September 30:

	<u>2022</u>	<u>2021</u>
Pledges receivable in less than one year	\$ 159,952	\$ 123,467
Pledges receivable in one to five years	25,000	50,000
	<u>\$ 184,952</u>	<u>\$ 173,467</u>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30:

	<u>2022</u>	<u>2021</u>
Building and land improvements	\$ 4,990,873	\$ 4,928,826
Leasehold improvements	94,546	94,546
Equipment	93,946	65,258
Buildings	660,387	660,387
Furniture and fixtures	47,748	47,748
Vehicles	247,470	210,480
Land	29,064	29,064
	6,164,034	6,036,309
Less: accumulated depreciation	<u>(3,581,624)</u>	<u>(3,280,328)</u>
	<u>\$ 2,582,410</u>	<u>\$ 2,755,981</u>

The Organization incurred depreciation expense of \$301,296 and \$312,145 for the years ended September 30, 2022 and 2021, respectively.

NOTE 7 – BENEFICIAL INTEREST IN PERPETUAL TRUSTS

Beneficial interest in perpetual trusts consisted of the Organization’s percentage interest in three separate perpetual trusts accounted for as split-interest agreements. The Organization values its interest in these trusts based on the fair value of each trust’s underlying assets. Balances consisted of the following at September 30:

	2022	2021
Burks’ Trust (5% interest)	\$ 175,598	\$ 207,186
Nine Trust (5% interest)	8,902	11,484
Rea’s Trust (10% interest)	70,276	603,049
	254,776	821,719
Less: allowance for beneficial interest in perpetual trusts	(70,276)	-
	\$ 184,500	\$ 821,719

During the years ended September 30, 2022 and 2021, the Organization’s portion of unrealized (loss) and gain were \$(15,162) and \$54,522, respectively. During the year ended September 30, 2022, the Organization received a distribution from the Rea’s Trust in the amount of \$551,781. No distributions were received during the year ended September 30, 2021. At September 30, 2022, beneficial interest in perpetual trusts was shown net of an allowance of \$70,276. No allowance was recorded at September 31, 2021.

NOTE 8 – REFUNDABLE ADVANCES

The Organization was awarded a grant from the Anthem Blue Cross Foundation, LLC in the amount of \$200,000 to help fund routine prenatal care, maternal health education, and wellness checks during pregnancy for victims of domestic violence as part of the Maternal Health Program. In accordance with ASC 958-605 for conditional grants, the Organization is accounting for this grant as a refundable advance until the conditions of the grant are substantially met. At September 30, 2022, \$- of the refundable advance was remaining, the Organization met the remaining requirements of the conditional grant.

The Organization was awarded a grant from the City of Fresno in the amount of \$500,000 for emergency shelter needs for domestic survivors related to the novel coronavirus (“COVID-19”) pandemic. In accordance with ASC 958-605 for conditional grants, the Organization is accounting for this grant as a refundable advance until the conditions of the grant are substantially met. At September 30, 2021, \$327,888 of the refundable advance was remaining. The Organization met the remaining requirements of the conditional grant during the year ended September 30, 2022.

Marjaree Mason Center, Inc.
Notes to Financial Statements

The Organization was awarded a grant from the State of California Emergency Housing and Assistance Program (“EHAP”) for renovation of an emergency shelter in Fresno in the amount of \$1,000,000. In accordance with ASC 958-605 for conditional grants, the Organization accounted for this grant as a refundable advance until the conditions of the grant were substantially met. Repayment is deferred as long as the property was used as an emergency shelter or transitional housing for 7 years. If the condition is not met, the Organization must pay the amount back with a 3% rate of interest, per annum. Accrued interest totaled \$210,000 at September 30, 2021. As the Organization substantially met the conditions, the amount is reported as grant revenue in the amount of \$1,210,000 as of September 30, 2021.

NOTE 9 – OBLIGATIONS UNDER OPERATING LEASES

The Organization leases office equipment and property, which require certain minimum annual rental payments. The leases vary in terms and expire between December 2022 and March 2066. For the year ended September 30, 2022, total office equipment and property lease expenses were \$110,143 and \$153,576, respectively. For the year ended September 30, 2021, total office equipment and property lease expenses were \$50,571 and \$148,922, respectively.

The future annual minimum lease payments under long-term contractual obligations at September 30, 2022, are as follows:

<u>Years Ending September 30,</u>	
2023	\$ 62,407
2024	32,632
2025	32,632
2026	16,169
2027	100
Thereafter	<u>3,900</u>
	<u><u>\$ 147,840</u></u>

NOTE 10 – NET ASSETS WITH DONOR RESTRICTION

Amounts received from various donors for specific purposes are net assets with donor restriction that have been spent for their specified purposes. Net assets with donor restriction consisted of the following at September 30:

	2022	2021
Bullard site	\$ 1,178,296	\$ -
Shelter, food, and supplies for clients and children	493,801	598,186
Beneficial trusts	184,500	821,719
Clovis shelter	137,457	155,262
Programs and counseling	114,151	652,689
Auto and facilities maintenance	6,905	18,180
Education and outreach	4,360	70,528
Reedley facility	-	877
	\$ 2,119,470	\$ 2,317,441

Net assets released from restriction during the years ended September 30, 2022 and 2021, totaled \$1,526,120 and \$803,638, respectively.

NOTE 11 – RETIREMENT PLAN

The Organization established a 401(k) Retirement Plan covering all active, full-time employees aged 21 or older. Matching contributions of \$46,939 and \$12,210 were made during the years ended September 30, 2022 and 2021, respectively.

NOTE 12 – IN-KIND DONATIONS

In-kind donations consisted of the following for the years ended September 30:

	2022	2021
Trained volunteers	\$ 57,951	\$ 75,112
Fresno, Clovis, and Reedley shelters	12,120	17,162
Meathead Movers	31,000	31,000
Donated meals	450	-
	\$ 101,521	\$ 123,274

The Organization's policy related to in-kind donations is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

Marjaree Mason Center, Inc.
Notes to Financial Statements

The Organization was provided professional clinical services at no cost to service the individuals in their shelters and other programs. Based on current market rates for these services, the Organization would have paid \$70,071 and \$92,274 for the years ended September 30, 2022 and 2021, respectively.

The Organization was provided discretionary moving services from Meathead Movers to support victims of domestic violence in Fresno County. Based on current market rates for these services, the Organization would have paid \$31,000 for each of the years ended September 30, 2022 and 2021.

All in-kind donations received by the Organization for the years ended September 30, 2022 and 2021, were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

NOTE 13 – CONTINGENCIES AND CONCENTRATIONS

Federal, state, and local grants – Amounts received from grant agencies are subject to audit and adjustment by grantor agencies, principally the state and federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. There are no pending audits or proposed adjustments currently.

Economic dependency – The Organization receives a majority of its funding through various programs and contracts with federal, state, local, and private agencies. Grants and contracts for the years ended September 30, 2022 and 2021, comprise approximately 76% and 62%, respectively, of total revenue without donor restriction.

The following is a summary of total grants and contracts received by granting and contracting agency for the year ended September 30, 2022:

<u>Granting and Contracting Agency</u>	<u>Amount</u>	<u>Percentage</u>
Department of Housing and Urban Development	\$ 1,625,075	30.02%
California Office of Emergency Services	1,449,206	26.77%
City of Fresno	959,955	17.73%
County of Fresno	821,887	15.18%
Other contracts	296,731	5.48%
Federal Emergency Management Agency	94,916	1.75%
Fresno Unified School District	85,345	1.58%
Madera District	28,908	0.53%
Westcare	27,062	0.50%
Saint Agnes Hospital	24,855	0.46%
	<u>\$ 5,413,940</u>	<u>100.00</u>

Marjaree Mason Center, Inc.
Notes to Financial Statements

The following is a summary of total grants and contracts received by granting and contracting agency for the year ended September 30, 2021:

Granting and Contracting Agency	Amount	Percentage
Department of Housing and Urban Development	\$ 1,423,373	27.62%
California Office of Emergency Services	1,343,913	26.08%
City of Fresno	970,792	18.84%
County of Fresno	951,690	18.47%
Other contracts	178,747	3.47%
Fresno Unified School District	77,000	1.49%
California Partnership to End Domestic Violence	71,250	1.38%
Federal Emergency Management Agency	68,798	1.34%
Saint Agnes Hospital	33,145	0.64%
County of Madera	18,823	0.37%
Westcare	15,649	0.30%
	<u>\$ 5,153,180</u>	<u>100.00</u>

NOTE 14 – LIQUIDITY AND FUNDS AVAILABLE

Financial assets available to meet cash needs for general expenditures within one year as of September 30, 2022, are as follows:

Financial assets:	
Cash and cash equivalents	\$ 2,579,744
Investments in marketable securities	2,882,821
Grants receivable	640,690
Other receivables	4,763
Pledges receivable	<u>184,952</u>
Financial assets at September 30, 2022	6,292,970
Less those unavailable for general expenditure within one year, due to:	
Noncurrent portion of pledges receivable	<u>(25,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,267,970</u>

The Organization's spending policy is to structure its financial assets to be available for operations, capital assets, and opportunities to enhance the Organization's mission. The Organization has certain donor-restricted net assets that are available for general expenditures within one year of September 30, 2022, because the restrictions on the net assets are expected to be met by conducting the normal activities of the programs in the coming year.

Marjaree Mason Center, Inc.

Notes to Financial Statements

NOTE 15 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date, but before financial statements are available to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after the statement of financial position date and before financial statements are available to be issued.

The Organization has evaluated subsequent events through January 16, 2023, which is the date the financial statements were available to be issued, and determined the following event required disclosure:

On December 3, 2021, the Organization signed a purchase and sale agreement with an unrelated party to purchase a building to replace the Organization's current administration building and Fresno shelter. The total purchase price of the building is \$7,000,000. On December 6, 2021, escrow was opened, and due diligence was started. The purchase was delayed due to a City of Fresno zoning contract with limitations of the building purpose. The zoning contract was lifted during the summer 2022, which initiated the due diligence process again. On December 13, 2022, the Organization closed on the purchase. The Organization obtained a promissory note payable to an unrelated party in the amount of \$2,000,000, including interest at a rate of 4.10% per annum, with principal and accrued interest payable at maturity on December 13, 2023. The remaining balance on the purchase was made with \$2,700,000 of cash and \$2,300,000 of an in-kind donation.

Supplementary Information

Marjaree Mason Center, Inc.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Community Development Block Grants - Entitlement Grants Cluster			
U.S. Department of Housing and Urban Development			
Passed through the County of Fresno			
Community Development Block Grant	14.218	A-21-313	\$ 37,484
Passed through the City of Fresno			
Community Development Block Grant	14.218	N/A	<u>50,616</u>
Total Community Development Block Grants - Entitlement Grants Cluster			<u>88,100</u>
Continuum of Care Program			
U.S. Department of Housing and Urban Development			
Direct award			
HUD Clovis - Supportive Housing	14.267	CA0974L9T142007	154,272
HUD Clovis - Supportive Housing	14.267	CA0974L9T142108	75,555
HUD Welcome Home	14.267	CA1480L9T141904	7,251
HUD Welcome Home	14.267	CA1185L9T142108	66,529
HUD Welcome Home 2	14.267	CA1410L9T142005	129,184
HUD Welcome Home 2	14.267	CA1410L9T142106	21,205
HUD Welcome Home 3	14.267	CA1480L9T142005	138,027
HUD Welcome Home 3	14.267	CA1480L9T142106	38,293
HUD Coordinated Entry	14.267	CA1762D9T142002	350,270
HUD Coordinated Entry	14.267	CA1762D9T1142103	37,742
HUD Coordinated Entry 2	14.267	CA1854L9141900	65,446
HUD Coordinated Entry 2	14.267	CA1854L9T142102	395,214
HUD Safe and Sound	14.267	CA1764D9T142002	<u>146,087</u>
Total Continuum of Care Program			<u>1,625,075</u>
Emergency Solutions Grant			
U.S. Department of Housing and Urban Development			
Passed through the City of Fresno			
Emergency Solutions Grant	14.231	N/A	<u>95,473</u>
Total U.S. Department of Housing and Urban Development			<u>1,808,648</u>
Crime Victim Assistance			
U.S. Department of Justice			
Passed through the California Office of Emergency Services			
Domestic Violence Assistance Program	16.575	DV20341257	65,000
Domestic Violence Assistance Program	16.575	DV20341257	118,513
Unserved/Underserved Victim Advocacy	16.575	UV20031257	8,597
Unserved/Underserved Victim Advocacy	16.575	UV21041257	41,802
Unserved/Underserved Victim Advocacy	16.575	UV21041257	78,040
Housing First	16.575	XD20031257	54,392
Housing First	16.575	XD2031257	238,387
Transitional Housing - FSP	16.575	XH20031257	46,900
Transitional Housing - FSP	16.575	XH21041257	<u>147,876</u>
Total Crime Victim Assistance			<u>799,507</u>
Violence Against Women Formula Grants			
U.S. Department of Justice			
Passed through the California Office of Emergency Services			
Teen Dating Violence	16.588	TV20051257	<u>18,656</u>
Total U.S. Department of Justice			<u>818,163</u>
Emergency Food and Shelter National Board			
U.S. Department of Homeland Security			
Direct Award			
Emergency Food and Shelter National Board Program	97.024	21	<u>94,916</u>
Total U.S. Department of Homeland Security			<u>94,916</u>
Family Violence Prevention & Services			
U.S. Department of Health and Human Services			
Passed through the California Office of Emergency Services			
Domestic Violence Assistance Program	93.671	DV20341257	<u>119,701</u>
Total U.S. Department of Health and Human Services			<u>119,701</u>
Coronavirus Relief Fund			
U.S. Department of Treasury			
Passed through the City of Fresno			
COVID-19 - City Cares	21.019	N/A	300,000
COVID-19 - City Cares	21.019	N/A	<u>327,889</u>
Total Coronavirus Relief Fund and U.S. Department of Treasury			<u>627,889</u>
Total Expenditures of Federal Awards			<u>\$ 3,469,317</u>

Marjaree Mason Center, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Marjaree Mason Center, Inc. (the “Organization”), under programs of the federal government for the year ended September 30, 2022. The information in the Schedule is presented 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.

Relationship to financial reports – Information included in the accompanying Schedule is in substantial agreement with the information reported in the related financial reports for major programs.

Program costs – Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Subrecipients – The Organization does not pass through funds to subrecipients.

NOTE 2 – INDIRECT COSTS

The Organization has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance as described in 2 CFR 200.414.

Single Audit Reports

Report of Independent Auditors 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*

The Board of Directors
Marjaree Mason Center, Inc.

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 Marjaree Mason Center, Inc., which comprise the statement of financial position for the year ended September 30, 2022, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 16, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marjaree Mason Center, Inc.'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 Marjaree Mason Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Marjaree Mason Center, Inc.'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 Marjaree Mason Center, Inc.'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 Marjaree Mason Center, Inc.'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 Marjaree Mason Center, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marjaree Mason Center, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

Fresno, California
January 16, 2023

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

The Board of Directors
Marjaree Mason Center, Inc.

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Marjaree Mason Center, Inc.'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 Marjaree Mason Center Inc.'s major federal program for the year ended September 30, 2022. Marjaree Mason Center, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Marjaree Mason Center, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Marjaree Mason Center, Inc. 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 the major federal program. Our audit does not provide a legal determination of Marjaree Mason Center, Inc.'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 Marjaree Mason Center, Inc.'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 Marjaree Mason Center, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Marjaree Mason Center, Inc.'s compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Marjaree Mason Center, Inc.'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 Marjaree Mason Center, Inc.'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 Marjaree Mason Center, Inc.'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.

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on the major federal program is not modified with respect to this matters.

Government Auditing Standards requires the auditor to perform limited procedures on Marjaree Mason Center, Inc.'s response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Marjaree Mason Center, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001, to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Marjaree Mason Center, Inc.'s response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Marjaree Mason Center, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Fresno, California
January 16, 2023

Marjaree Mason Center, Inc.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2022

Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

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 federal programs:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 X Yes None reported

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?

 X Yes No

Identification of Major Federal Program and Type of Auditor's Report Issued on Compliance for the Major Federal Program

<i>Federal Assistance Listing Number</i>	<i>Name of Federal Program/Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for the Major Federal Program</i>
14.267	Continuum of Care Program	Unmodified

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

\$750,000

Auditee qualified as low-risk auditee?

 X Yes No

Section II — Financial Statement Findings

None reported.

Marjaree Mason Center, Inc.
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2022

Section III – Federal Award Findings and Questioned Costs

Finding 2022-001: Department of Housing and Urban Development - Continuum of Care Program - Assistance Listing No. 14.267; Grant period: Year Ended December 31, 2022.

Criteria – In accordance with 2 CFR 200.320(a)(2)(i), participants are required to perform an appropriate form of competition in their procurement process if purchases are within the small purchase threshold.

Condition – Management did not perform an appropriate form of competition for a purchase made within the small purchase threshold.

Questioned costs – There are known questioned costs of \$36,990 representing the reimbursements claimed for the vendor during the audit period. No likely questioned costs are noted.

Context – Inspection of procurement documentation showed one out of two vendors subjected to sampling required an adequate number of price or rate quotations from qualified sources to be obtained and assessment to be performed in accordance with the small purchase threshold of 2 CFR 200.320(a)(2)(i). Price or rate quotations were obtained, but not formally documented and a formal assessment was not performed. Of the \$1,625,075 of total Continuum of Care reimbursements claimed during the year, \$96,702 of reimbursements are subject to this procurement requirement, including the known questioned costs of \$36,990.

Effect – By not obtaining price or rate quotations from qualified sources, this could result in the utilization of an unqualified vendor, an overspending of grant funding, and questioned costs.

Cause – Management obtained rate quotations from an adequate number of vendors, but did not retain sufficient documentation and did not perform a formal assessment to proceed with the purchase.

Repeat finding – N/A

Recommendation – We recommend management implement a control to ensure sufficient documentation is retained during the procurement of all vendors being reimbursed by federal awards and ensure compliance with the Uniform Guidance and other applicable procurement standards.

Management's response – Management will ensure to retain sufficient documentation when obtaining quotes from similar vendors and performing a documented analysis of services and corresponding costs for the fiscal year 2022–23 and every year going forward.

Other Information

Marjaree Mason Center, Inc.
Combining Schedule of Revenue, Support, and Expenses – Unaudited
Year Ended September 30, 2022
(with Summarized Comparative Information for Year Ended September 30, 2021)

	County of Fresno	Housing and Urban Development	California Office of Emergency Services	Marriage License Fees	County Family Stabilization	City of Fresno	Contributions, Program Fees, and Other	Total 2022	2021
REVENUES, GAINS, AND OTHER SUPPORT									
Grants and contracts	\$ 69,431	\$ 1,625,075	\$ 1,449,206	\$ 175,885	\$ 690,245	\$ 928,007	\$ 476,091	\$ 5,413,940	\$ 5,153,180
Contributions	-	-	-	-	-	-	2,945,544	2,945,544	3,003,763
In-kind donations	-	-	-	-	-	-	101,521	101,521	123,274
Special events	-	-	-	-	-	-	521,886	521,886	303,701
Program fees	-	-	-	-	-	-	145,948	145,948	184,990
Other income	-	-	-	-	-	-	14,700	14,700	42,897
Legacies and bequests	-	-	-	-	-	-	100,000	100,000	109,777
Emergency Housing and Assistance grant	-	-	-	-	-	-	-	-	1,210,000
Loss on disposal of assets	-	-	-	-	-	-	-	-	(7,118)
Net realized and unrealized loss (gain) in fair value of perpetual trusts	-	-	-	-	-	-	(85,438)	(85,438)	54,522
Interest and dividend income	-	-	-	-	-	-	53,739	53,739	25,457
Net realized and unrealized (loss) gain in fair value of investments	-	-	-	-	-	-	(555,060)	(555,060)	183,742
Total revenues, gains, and other support	69,431	1,625,075	1,449,206	175,885	690,245	928,007	3,718,931	8,656,780	10,388,185
EXPENSES									
Accounting and legal	-	4,093	4,940	12,548	-	-	54,648	76,229	48,563
Advertising	-	-	149	-	-	-	16,992	17,141	12,489
Bad debt expense	-	-	-	-	-	-	2,500	2,500	-
Bank charges	-	-	-	-	-	-	88	88	891
Computer services	-	4,430	1,893	11,364	745	-	20,031	38,463	42,423
Conferences, conventions, and meetings	1,323	9,430	1,985	17	1,513	-	103,138	117,406	142,081
Depreciation	-	-	-	-	-	-	183,057	183,057	180,824
Donated services and supplies	-	-	-	-	-	-	108,062	108,062	123,086
Dues and subscriptions	-	656	1,294	-	-	-	25,442	27,392	20,752
Employee benefits	3,690	175,215	123,552	1,000	91,188	47,155	396,529	838,329	636,311
Equipment rental, repairs, and maintenance	2,217	135,567	64,342	37,597	20,462	23,860	242,951	526,996	532,527
Food	3,925	367	741	1,550	94	37,593	77,404	121,674	152,892
Insurance	-	5,722	9,678	42,112	-	-	16,075	73,587	68,245
Interest	-	-	-	-	-	-	316	316	30,000
Miscellaneous	-	-	-	-	-	-	4,136	4,136	1,390
Office expense	27	314	2,028	3,106	1,888	26	51,649	59,038	44,375
Printing	-	6,222	419	247	130	-	54,278	61,296	35,653
Professional fees	-	10,862	20,147	4,627	250	-	359,721	395,607	274,259
Program supplies	27,335	248,945	393,769	516	583	474,106	280,543	1,425,797	1,406,256
Rent	7,200	25,610	24,332	3,009	66,418	-	50,865	177,434	184,262
Salaries	23,552	956,950	690,727	-	479,869	269,884	1,520,870	3,941,852	3,357,482
Security	-	1,101	12,929	87	564	51,413	40,600	106,694	10,922
Taxes and licenses	-	6,759	-	93	-	-	17,111	23,963	121
Utilities	162	32,832	96,281	2,346	26,541	23,970	74,106	256,238	273,155
Total expenses	69,431	1,625,075	1,449,206	120,219	690,245	928,007	3,701,112	8,583,295	7,578,959
CHANGES IN NET ASSETS	\$ -	\$ -	\$ -	\$ 55,666	\$ -	\$ -	\$ 17,819	\$ 73,485	\$ 2,809,226



January 16, 2023

To Whom It May Concern,

As required by the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we have provided below our response and corrective action plan addressing the finding in the *Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance* for the year ended September 30, 2022.

Response and Corrective Action Plan

Finding 2022-001: Department of Housing and Urban Development - Continuum of Care Program - Assistance Listing No. 14.267; Grant period: Year Ended December 31, 2022.

Cause:

Management obtained rate quotations from an adequate number of vendors, but did not retain sufficient documentation and did not perform a formal assessment to proceed with the purchase.

Contact Person:

Marcus Martin, Director of Finance

Management Response:

The Marjaree Mason Center (MMC) did not correctly document the purchase of a new vehicle including having justification on the selection of the vendor. When researching the purchase of the vehicle, MMC researched different options for the vehicle, but did not keep the documentation of the research. Effective immediately, MMC has implemented new procedures when it comes to procedures for any contracts/invoices over \$10,000. The Manager submitting the request must attach at least three quotes and written justification approved by the Director of Finance and/or Executive Director before the contract is signed or payments are released.

Sincerely,

Marcus Martin
Director of Finance
Marjaree Mason Center

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