



# CommUnify

A Community Action Agency.

Independent Auditor's Reports,  
Financial Statements  
and Supplementary Information

December 31, 2020



# COMMUNIFY

## Table of Contents

---

	Page
Independent Auditor's Report	1 - 2
Financial statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 16
Supplementary Information:	
Schedule of Expenditures of Federal Awards and Notes to the Schedule of Expenditures of Federal Awards	17 – 20
Other Auditor's Reports:	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21 – 22
Independent Auditor's Report on Compliance for Each Major Program and Internal Control over Compliance Required by Audit of Financial Statements Performed in Accordance with by the Uniform Guidance	23 – 24
Schedules of Findings and Questioned Costs	25



CommUnify  
A Community Action Agency.



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

---

111 E. Victoria Street 2<sup>nd</sup> Floor, Santa Barbara, CA 93101, (805) 962-9175, [www.mcgowan.com](http://www.mcgowan.com)

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Community Action Commission of Santa Barbara County, Inc.  
dba CommUnify  
Santa Barbara, California

We have audited the accompanying financial statements of the Community Action Commission of Santa Barbara County, Inc. dba CommUnify (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Action Commission of Santa Barbara County, Inc. dba CommUnify as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 and state awards is fairly stated in all material respects in relation to the financial statements as a whole

## **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

## **Report on Summarized Comparative Information**

We have previously audited the Community Action Commission of Santa Barbara County, Inc. dba CommUnify 2019 financial statements, and we expressed an unmodified audit opinion on those statements in our report dated May 6, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Santa Barbara, California  
May 5, 2021

**COMMUNIFY**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2020**  
**(with comparative totals for 2019)**

	<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>			
Cash and Cash Equivalents		\$ 3,306,132	\$ 864,517
Grants and Contracts Receivable		2,402,352	1,705,356
Prepaid Expenses and Other Current Assets		276,822	258,984
Investments [ Note 5 ]		1,540,648	1,446,816
Fixed Assets, net of accumulated depreciation [ Note 6 ]		290,603	311,309
Total Assets		<u>\$ 7,816,557</u>	<u>\$ 4,586,982</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses		\$ 649,735	\$ 529,810
Accrued Payroll		641,692	618,014
Accrued Vacation [ Note 7 ]		727,711	623,358
Deferred Revenue		580,970	449,477
PPP Loan [ Note 14 ]		3,168,272	-
Total Liabilities		<u>5,768,380</u>	<u>2,220,659</u>
<b>NET ASSETS</b>			
Without Donor Restriction:			
Undesignated		1,757,574	2,055,014
Invested in Fixed Assets		290,603	311,309
Total Net Assets		<u>2,048,177</u>	<u>2,366,323</u>
Total Liabilities and Net Assets		<u>\$ 7,816,557</u>	<u>\$ 4,586,982</u>

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

**COMMUNIFY**  
**STATEMENT OF ACTIVITIES**  
**December 31, 2020**  
**( with comparable totals for 2019 )**

	<b>2020</b>	<b>2019</b>
<b>PUBLIC SUPPORT</b>		
Special Events, Gross	\$ 14,031	\$ 24,750
Less: Direct Costs Benefitting Donors	(27,652)	(19,166)
Special Events, Net	(13,621)	5,584
Forgiven PPP SBA Loan [ Note 14 ]	437,046	-
Contributions and Grants	506,489	563,479
Total Public Support	929,914	569,063
<b>REVENUE</b>		
Grants and Contracts	21,440,616	22,059,267
Program Income	46,812	228,353
In-kind	836,552	1,082,421
Other Investment Earnings	94,849	205,788
Total Revenue	22,418,829	23,575,829
 Total Public Support and Revenue	 23,348,743	 24,144,892
<b>EXPENSES</b>		
<b>PROGRAM SERVICES</b>		
Children's Services	15,395,325	16,045,509
Nutrition Services	2,187,411	1,761,691
Family and Youth Services	1,843,692	1,346,086
Community Services	2,031,528	2,790,699
Total Program Services	21,457,956	21,943,985
<b>SUPPORTING SERVICES</b>		
Management and General	1,955,170	2,299,216
Fundraising	253,763	205,019
Total Supporting Services	2,208,933	2,504,235
<b>TOTAL EXPENSES</b>	<b>23,666,889</b>	<b>24,448,220</b>
 <b>CHANGE IN NET ASSETS</b>	 (318,146)	 (303,328)
 <b>NET ASSETS, Beginning of Year</b>	 2,366,323	 2,669,651
 <b>NET ASSETS, End of Year</b>	 <u>\$ 2,048,177</u>	 <u>\$ 2,366,323</u>

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

**COMMUNIIFY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
December 31, 2020  
(with comparative totals for 2019)

	2020						2019	
	Program Services			Total		Grand Total Expenses	Grand Total Expenses	Grand Total Expenses
	Children's	Nutrition	Family & Youth	Community	Programs Services			
Compensation and Related Benefits								
Salaries	\$ 8,623,796	\$ 671,173	\$ 1,244,029	\$ 623,477	\$ 11,162,476	\$ 922,647	\$ 166,968	\$ 12,252,091
Payroll Taxes and Fringe Benefits	2,729,866	168,840	370,919	199,117	3,468,741	\$ 293,922	53,479	3,816,142
Total Compensation and Related Benefits	11,353,662	840,013	1,614,948	822,594	14,631,217	1,216,570	220,446	16,068,233
Other Expenses								
Professional Services	200,180	3,600	2,678	4,645	211,103	56,123	-	267,226
Travel	25,998	66,764	34,843	1,212	128,818	(10,018)	895	119,695
Subcontractors	565,767	6,452	21,760	849,129	1,443,108	184,219	726	1,628,053
Space and Equipment Rental	403,622	24,526	41,464	67,043	536,655	147,341	-	683,996
Equipment and Building Maintenance	274,132	319	555	34,569	309,576	16,069	-	325,645
Equipment Purchases	13,808	48,380	2,200	46,790	111,178	66,129	-	177,307
Vehicle	124,260	18,050	40	586	142,936	26,826	-	169,762
Depreciation	9,528	-	-	-	9,528	11,179	-	20,707
Food and Meals	215,044	924,805	2,657	-	1,142,505	(81)	-	1,142,424
Supplies	1,030,854	19,700	15,621	29,825	1,096,000	32,840	1,058	1,129,897
Telephone	148,722	7,972	23,837	13,883	194,414	35,335	40	229,789
Utilities	102,579	7,705	675	10,057	121,016	1,104	-	122,120
Insurance	86,362	21,878	2,402	6,595	117,236	35,528	-	152,764
Staff training	88,334	270	19,545	1,142	109,291	6,729	400	116,420
In-kind Space Rental and Other	674,372	162,169	-	-	836,541	-	11	836,552
Other	78,101	34,808	60,467	143,458	316,834	129,277	30,187	476,298
Total Other Expenses	4,041,663	1,347,398	228,744	1,208,934	6,826,739	738,600	33,316	7,598,656
Total Functional Expenses 2020	\$ 15,395,325	\$ 2,187,411	\$ 1,843,692	\$ 2,031,528	\$ 21,457,956	\$ 1,955,170	\$ 253,763	\$ 23,666,889
Total Functional Expenses 2019	\$ 16,045,509	\$ 1,761,691	\$ 1,346,086	\$ 2,790,699	\$ 21,943,986	\$ 2,299,216	\$ 205,019	\$ 24,448,220

**COMMUNIFY**  
**STATEMENT OF CASH FLOWS**  
**December 31, 2020**  
**( with Comparative Totals for 2019 )**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (318,146)	\$ (303,328)
Adjustments to reconcile increase in Net Assets to Cash Used by operating activities:		
Depreciation	20,707	20,211
Net Realized and Unrealized (Gains) Losses on Investments	(91,037)	(199,690)
Grants and Contracts Receivable	(696,997)	63,175
Prepaid Expenses and Other Current Assets	(17,838)	(69,872)
Accounts Payable and Accrued Expenses	119,925	(163,170)
Accrued Payroll	23,678	18,322
Accrued Vacation	104,353	19,219
Deferred Revenue	131,493	349,696
<b>Net Cash Used by Operating Activities</b>	<u>(723,862)</u>	<u>(265,437)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sale of Investments	279,548	5,414
Purchase of Investments	(282,343)	(8,991)
<b>Net Cash Used by Investing Activities</b>	<u>(2,795)</u>	<u>(3,577)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from PPP Loan	3,168,272	-
<b>Net Cash Provided by Financing Activities</b>	<u>3,168,272</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	2,441,615	(269,014)
<b>Cash and Cash Equivalents at Beginning of Year</b>	864,517	1,133,531
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 3,306,132</u></u>	<u><u>\$ 864,517</u></u>



# COMMUNIFY

## Notes to Financial Statements

---

### NOTE 1 - GENERAL

#### ORGANIZATION

Community Action Commission of Santa Barbara County, Inc., dba CommUnify (CommUnify), was incorporated in 1967 as a nonprofit, tax exempt, California corporation. CommUnify receives its principal funding from the United States Department of Health and Human Services and the State of California Department of Education and accordingly, operates under the guidelines and regulations of these funding sources. CommUnify serves the County of Santa Barbara including the following cities: Goleta, Santa Barbara, Carpinteria, Santa Ynez, Lompoc, Santa Maria, Solvang, Guadalupe, Cuyama, Orcutt, and Buellton. CommUnify's mission is:

*We provide education and supportive services in partnership with the community so Santa Barbara County residents can improve their economic security, become self-sufficient, and retain their dignity.*

#### PROGRAM SERVICES

**Children's Services** provides Head Start and Early Head Start programs that offer comprehensive early childhood education, health, nutrition and parent involvement services to low-income children and families. Full and part-day early care and education are provided for children ages 0 to 5 in 24 sites throughout Santa Barbara County with a goal of preparing our most vulnerable young children to succeed in school and in life beyond school. In addition, both programs are designed to assist families in meeting their own personal goals and achieving self-sufficiency across a wide variety of domains, such as housing, continued education, and financial security.

The **Head Start** program delivers services to children and families by focusing on the areas of early learning, health, and family well-being while engaging parents as partners every step of the way. California State Preschool and Child Development programs are also offered and blended with Head Start services. The **Early Head Start** program promotes the physical, cognitive, social, and emotional development of infants and toddlers through safe and developmentally enriching caregiving. The program is designed to support parents, both mothers and fathers, in their role as *primary caregivers and teachers* of their children. In 2020, 1,150 infants, toddlers, and preschoolers were provided with high quality early care and education (ECE) and health services. <https://CommUnifysb.org/low-income-assistance/children-services>

**Nutrition Services** provides healthy lunches and enrichment activities for seniors, 60 years of age and older, both at community meal sites and, for home-bound seniors, in their own home. Nearly 172,616 meals were served to approximately

# COMMUNIFY

## Notes to Financial Statements

---

### NOTE 1 - GENERAL (continued)

1,185 seniors in 2020, ensuring they received a healthy lunch daily to support their health, well-being, and ongoing independent (<https://www.communifysb.org/services/seniors>). Nutrition Services also provided 53,302 meals to local Head Start centers for children ages 0-5.

**Family and Youth Services** (FYS) enhances the social, emotional and physical well-being of youth and families in Santa Barbara County to help them achieve a positive and productive future. Services focus on culturally responsive mentoring, tutoring, health education and skill development, as well as helping families cope with mental health issues. In 2020, 3,279 youth ages 6-17 participated in CommUnify's youth programs (<https://www.communifysb.org/services/family-youth>). In addition, CommUnify served 104 young adults in the Transition Age Youth (TAY) Program.

**Community Services** is comprised of a variety of services designed to help disadvantaged families address the financial challenges by reducing their home energy burden, promoting financial literacy, removing barriers to achieving self-sufficiency, and linking residents to available services and resources throughout Santa Barbara County. Services include Energy Assistance, Weatherization Services, Senior Home Repair Program, Family Self-Sufficiency Program, Economic Empowerment Program and Earned Income Tax Credit Outreach Program. CommUnify's Energy Services weatherized 84 homes and assisted a total of 1,075 families with their energy bills, while an additional 84 seniors' homes were repaired, enabling them to age safely in place.

(<https://www.communifysb.org/services/community>) Also included in the portfolio of Community Services is **2-1-1 Santa Barbara County**, a comprehensive information and referral system. Dialing 2-1-1 connects people to over 2,000 health and human services, disaster relief, and public information resources. 2-1-1 is a free service, available 24 hours a day / 7 days a week in multiple languages. In 2020, 2-1-1 handled 22,863 calls and text messages and assisted 26,345 users through the 2-1-1 website: <http://www.211santabarbaracounty.org>.

### ADMINISTRATIVE SERVICES

Administrative services represent management and general expenses, indirect costs, and the administrative costs portion of program services.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### BASIS OF ACCOUNTING

CommUnify's financial statements are prepared on the accrual basis of accounting and include all support and revenues when earned and all expenses when incurred,

# COMMUNIFY

## Notes to Financial Statements

---

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

regardless of when received or paid at the end of a period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement.

#### DESCRIPTION OF NET ASSETS

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

##### **Without Donor Restrictions**

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

##### **With Donor Restrictions**

Net assets with donor restrictions represent net assets that are subject to donor-imposed time or use restrictions. Net assets with donor restrictions generally include contributions and bequests receivable and planned gifts. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as "Net assets released from restrictions."

#### BASIS OF PRESENTATION

The statements are presented in accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958-205), *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, CommUnify is required to report information regarding its financial position and activities according to two classes of Net Assets: Net Assets With Donor Restrictions and Net Assets Without Donor Restrictions.

#### CASH AND CASH EQUIVALENTS

For the purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions and highly liquid investments with a maturity of three months or less.

#### INVESTMENTS

Investments are recorded at fair market value. CommUnify invests in mutual funds. Gains and losses occur that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains and losses resulting from sales or maturities are calculated on an adjusted cost basis. Adjusted cost is the estimated fair value of the security at the beginning of the year, or the cost if purchased during the year.

# **COMMUNIFY**

## **Notes to Financial Statements**

---

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLE**

CommUnify has not accrued a loss for allowances for uncollectible receivables since it is the opinion of management that it is highly probable that receivables will be collected.

#### **FIXED ASSETS**

Fixed assets are capitalized at cost and are being depreciated on the straight-line method using useful lives as described in Note 7.

#### **FUNCTIONAL EXPENSES**

Directly identifiable expenses are charged to program services. Expenses related to more than one function are charged to program services on the basis of periodic time and expense studies. Administration services include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of CommUnify.

#### **INDIRECT COSTS**

Indirect costs represent administrative costs recorded in the general administration fund which are allocable to the restricted programs as indirect administrative costs. CommUnify submits an indirect cost rate agreement to the Department of Health and Human Services on an annual basis. The indirect cost rate is used to support the claim for indirect costs on grants and contracts with the Federal Government.

#### **CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject CommUnify to concentrations of credit risk consist primarily of cash and cash equivalents and investments. Cash equivalents include overnight investments, and money market funds. CommUnify places certain temporary cash, cash equivalents and investments with financial institutions. At times, CommUnify's cash, cash equivalents and investment balances exceed the current insured amount under the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation.

However, management believes the risk of loss to be minimal. In addition, CommUnify's investments are exposed to various risks, such as interest rate fluctuations and market valuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect CommUnify's Statements of Financial Position and Activities.

# **COMMUNIFY**

## **Notes to Financial Statements**

---

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **USE OF ESTIMATES**

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

#### **RISK MANAGEMENT**

CommUnify is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; and natural disasters for which CommUnify carries commercial insurance.

#### **CONTINGENCIES**

CommUnify participates in federal grants, the principal of which is the U.S. Department of Health and Human Services. Disbursement of funds received under this grantor agency requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agency. Any disallowed costs resulting from such an audit could become a liability of the general fund or other applicable funds.

#### **CONCENTRATIONS**

CommUnify receives a substantial amount of revenue for its programs funded by the U.S. Department of Health and Human Services. During 2020, CommUnify received \$15,093,645 which amounts to 65% of its total revenue.

#### **DONATED SERVICES**

Donated Services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require special skills, performed by people with those skills, and would otherwise be purchased by CommUnify. Volunteers also provided parent services meal delivery drivers throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958 were not met.

#### **COMPARATIVE INFORMATION**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction

# COMMUNIFY

## Notes to Financial Statements

---

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

with CommUnify's audited financial statements for the year ended December 31, 2019, from which the summarized information was derived.

#### SUBSEQUENT EVENTS

In preparing these financial statements, CommUnify has evaluated events and transactions for potential recognition or disclosure through May 5, 2021, the date the financial statements were available to be issued.

### NOTE 3 - INCOME TAXES

CommUnify is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. CommUnify is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code. CommUnify has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

CommUnify adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax positions will more-likely-than-not be sustained upon examination by taxing authorities. CommUnify has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. CommUnify believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on CommUnify's financial condition, results of operations or cash flows. Accordingly, CommUnify has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2020. CommUnify is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

### NOTE 4 - SUMMARY OF FAIR VALUE EXPOSURE

FASB ASC 820-10 and subsections, *Fair Value Measurements and Disclosures* clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. CommUnify has adopted FASB ASC 820-10 for its financial assets and liabilities measured on a recurring and nonrecurring basis. FASB ASC 820-10 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price.

# COMMUNIFY

## Notes to Financial Statements

---

### NOTE 4 - SUMMARY OF FAIR VALUE EXPOSURE (continued)

To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.)

Level 3: Significant unobservable inputs (including CommUnify's own assumptions in determining the fair value of its investments).

The inputs and methodology used for valuing CommUnify's financial assets and liabilities are not indicators of the risks associated with those investments. As of December 31, 2020, investments totaling \$393,039 were invested in funds at the Santa Barbara Foundation and were all classified to be Level 2. \$1,053,777 were invested at Montecito Bank & Trust and were classified as Level 1.

### NOTE 5 - INVESTMENTS

Activity for 2020 is as follows:

Account balance as of January 1, 2020	\$ 1,446,816
Transfers in / deposits	-
Fees	(13,996)
Dividends and interest	16,791
Net realized and unrealized gains	91,037
Account balance as of December 31, 2020	<u>\$ 1,540,648</u>

### NOTE 6 - FIXED ASSETS

Fixed assets as of December 31 are as follows:

	<u>Years</u>	
Land & Building	25-30	\$407,214
Building Improvements	15-20	649,474
Equipment, Furniture & Fixtures	5	167,452
Vehicles	5	157,045
Total		<u>1,381,185</u>
Less Accumulated Depreciation		<u>(1,090,582)</u>
Fixed Assets, Net		<u>\$290,603</u>

Depreciation expense was \$20,707 for 2020.

# COMMUNIFY

## Notes to Financial Statements

---

### NOTE 7 - ACCRUED VACATION

CommUnify's employees earn vacation leave depending on their length of service. The maximum amount of vacation hours an employee can accumulate is 360 hours. Accumulated unpaid employee vacation benefits are recognized as liabilities of CommUnify. The amount of accumulated vacation was \$727,711 as of December 31, 2020.

### NOTE 8 - LINE OF CREDIT

In April 2020 CommUnify opened a new unsecured line of credit at Montecito Bank & Trust in the amount of \$500,000, which expired on May 5, 2021. The interest rate on the used portion of the line of credit was 5.00% (+0.75% with a floor rate of 5%) as of April 29, 2020 the date of the agreement. The line of credit was drawn on once in 2020 and the total interest paid was \$16 for the year ended December 31, 2020.

### NOTE 9 - IN-KIND

Values assigned to in-kind contributions and the related expenses are based on federal guidelines. In accordance with those guidelines, values are based upon estimated area-wide averages for purchased services, facilities, or supplies of a similar type. In-kind contributions and expenses are recorded when used in programs and are not carried forward. In-kind contributions were \$836,552 for 2020.

### NOTE 10 – LIQUIDITY

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

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2020:

Cash and Cash Equivalents available within one year	\$ 3,306,132
Grants and Contracts Receivable	2,402,352
Other Current Assets	276,822
Investments available for general expenditure within one year	1,540,648
Current Liabilities	<u>(3,233,762)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 4,292,192</u></u>



# COMMUNIFY

## Notes to Financial Statements

---

### NOTE 11 - PENSION PLAN

CommUnify maintains a pension plan under Section 403(b) of the Internal Revenue Code. All employees are eligible to participate in the plan in which participation is voluntary and contributions are limited to 20% of annual salary. However, employees over the age of 50 are allowed to contribute more than 20% to catch up for prior years. Employees who work more than 20 hours per week and have completed one year and 1,000 hours of service are eligible to participate in the employer contribution portion of the plan. CommUnify matches the employee contributions dollar for dollar up to 5% of the employee's annual salary. Employees are fully vested in their own contributions and in those made by CommUnify. The maximum amount allowed to be contributed to the plan by the employees and CommUnify's match is \$19,500. The amount contributed to the plan by CommUnify was \$351,633 for 2020.

### NOTE 12 - LEASE COMMITMENT

CommUnify leases office space for program services and administrative facilities under operating leases. The total expense for rent was \$635,904 for 2020. Minimum future rental payments under non-cancelable operating leases for each of the next several years as of December 31, 2020:

2021	\$ 154,844
2022	68,808
2023	20,498
2024	8,312
2025	2,579
Total	<u><u>\$ 255,041</u></u>

### NOTE 13 – UNCERTAINTY

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of May 5, 2021, CommUnify offices remain open, subject to regulated or reduced hours. CommUnify cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact CommUnify's financial position, changes in net assets, and cash flows in 2021.

### NOTE 14 – SBA LOAN UNDER THE PAYROLL PROTECTION PROGRAM

On April 15, 2020, the Organization received loan funding of \$3,605,318 under the Paycheck Protection Program (PPP) as allowed under the CARES Tax Act, related to the 2020 COVID-19 pandemic. The loan allows for the loan proceeds to be used on allowable costs for CommUnify.

**COMMUNIFY**  
**Notes to Financial Statements**

---

**NOTE 14 – SBA LOAN UNDER THE PAYROLL PROTECTION PROGRAM (continued)**

The loan can be fully forgiven if the funds were used for payroll costs, rent and utilities and at least 60% of the forgiven amount must have been used for payroll. Loan payments will also be deferred for six months. No collateral or personal guarantees were required.

Forgiveness will be based on maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declined, or if salaries and wages decreased. The loan has a maturity of five years and an interest rate of 1%. CommUnify complied with all regulations to allow for and management expects that \$437,046 of the loan will be fully forgiven by the SBA.

The PPP Loan Forgiveness application was submitted to the lender on April 21, 2021. The lender has 90 days to submit the application for forgiveness to the Small Business Administration (SBA). As of May 5, 2021, the SBA has not yet forgiven the loan.

## SUPPLEMENTARY INFORMATION

**COMMUNIFY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**December 31, 2020**

Grantor / Pass through and Grantor / Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
<b>U.S. Department of Agriculture:</b>			
<i>Pass through the California State Department of Education:</i>			
Child Care Food Program	10.558	42-1682-OJ	\$ 168,677
<b>Total U.S. Department of Agriculture</b>			<b>\$ 168,677</b>
<b>U.S. Department of Housing and Urban Development:</b>			
<i>Pass through the City of Carpinteria:</i>			
Community Development Block Grant	14.218	CDBG 20/21	\$ 10,000
<i>Pass through the City of Goleta:</i>			
Community Development Block Grant	14.218	CDBG 19/20	2,836
Community Development Block Grant	14.218	CDBG 20/21	5,000
<i>Pass through the City of Lompoc:</i>			
Community Development Block Grant	14.218	CDBG 19/20	2,500
Community Development Block Grant	14.218	CDBG 20/21	7,500
<i>Pass through the City of Santa Barbara:</i>			
Community Development Block Grant	14.218	CDBG 19/20	5,849
Community Development Block Grant	14.218	CDBG 20/21	5,938
<i>Pass through the City of Santa Maria:</i>			
Community Development Block Grant	14.218	CDBG 19/20	19,545
<b>Total U.S. Department of Housing and Urban Development</b>			<b>\$ 59,166</b>
<b>U.S. Department of Energy:</b>			
<i>Pass through the California State Department of Community Services and Development:</i>			
DOE Weatherization Assistance	84.042	17C-4025	\$ 29,487
<b>Total U.S. Department of Energy</b>			<b>\$ 29,487</b>
<b>U.S. Department of Health and Human Services:</b>			
<i>Direct awards:</i>			
Head Start	93.600	09CH010272-05	\$ 8,715,876
Head Start	93.600	09CH011864-01	799,829
Early Head Start	93.600	09CH010272-05	1,699,789
Early Head Start	93.600	09CH011864-01	150,468
<b>Total Direct Awards</b>			<b>\$ 11,365,962</b>
<b>Pass through the California Department of Social Services:</b>			
<b>Economic Empowerment (OCAP)</b>	93.669 & 93.590	EE-CACSB-18-21	\$ 53,205
			<b>\$ 53,205</b>

**COMMUNIFY****SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****December 31, 2020**

Grantor / Pass through and Grantor / Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
<b>U.S. Department of Health and Human Services (continued):</b>			
<i>Pass through the Central Coast Commission for Senior Citizens, Area Agency on Aging (Aging Programs Cluster):</i>			
Title III-B Residence Repair	93.044	CDA IIIB 19/20	\$ 24,232
Title III-B Residence Repair	93.044	CDA IIIB 20/21	3,625
Title III-C-1 Congregate Nutrition	93.045	CDA C1 19/20	136,919
Title III-C-1 Congregate Nutrition	93.045	CDA C1 20/21	103,249
Title III-C-2 Home Delivered Nutrition	93.045	CDA C2 19/20	261,528
Title III-C-2 Home Delivered Nutrition	93.045	CDA C2 20/21	199,999
Title III-C-1 Congregate Nutrition	93.053	NSIP C1 19/20	21,814
Title III-C-1 Congregate Nutrition	93.053	NSIP C1 20/21	20,362
Title III-C-2 Home Delivered Nutrition	93.053	NSIP C2 19/20	35,439
Title III-C-2 Home Delivered Nutrition	93.053	NSIP C2 20/21	33,506
Total pass through the Central Coast Commission for Senior Citizens			<u>\$ 840,673</u>
<i>Pass through the California Department of Public Health:</i>			
CA Personal Responsibility & Education	93.092	18-10236	\$ 196,189
Adolescent Family Life Planning	93.994	17-10135	71,340
Adolescent Family Life Planning	93.994	20-10577	67,871
Information and Education Program	93.778	19-10313	148,256
Total pass through the California Department of Public Health			<u>\$ 483,656</u>
<i>Pass through the California State Department of Community Services &amp; Development:</i>			
LIHEAP WX	93.568	19B-5034	\$ 212,008
LIHEAP EHA/ECIP	93.568	19B-5034	140,929
LIHEAP WX	93.568	20B-2034	145,667
LIHEAP EHA/ECIP	93.568	20B-2034	835,529
DAP LIHEAP WX	93.568	20D-1034	8,506
DAP LIHEAP EHA/ECIP	93.568	20D-1034	6,891
CARES LIHEAP WX	93.568	20U-2583	-
CARES LIHEAP EHA/ECIP	93.568	20U-2583	39,106
Subtotal Low Income Home Energy Assistance Program			<u>1,388,637</u>
Community Services Block Grant - Discre	93.569	19F-4443	22,899
Community Services Block Grant	93.569	20F-3041	522,494
Community Services Block Grant - Discre	93.569	20F-3041	7,653
Community Services Block Grant - CARE	93.569	20F-3680	38,885
Community Services Block Grant - CARE	93.569	20F-3680	31,656
Total California State Department of Community Services & Development			<u>\$ 2,012,224</u>

**COMMUNIFY****SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****December 31, 2020**

Grantor / Pass through and Grantor / Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
Pass through the Central Coast Commission for Senior Citizens, AAA (Other Cluster):			
(CMC2) Families First Coronavirus Response Act, Older Americans Act Title			
III-Congregate Meals	93.045	2001CACMC2-00	\$ 51,221
(HDC2) Families First Coronavirus Response Act, Older Americans Act Title			
III-Home-Delivered Meals	93.045	2001CAHDC2-00	15,915
Coronavirus Aid, Relief, and Economic Security (CARES) IIIC HR748-C1			
Congregate Meals	93.045	2001CAHDC3-00	165,074
Coronavirus Aid, Relief, and Economic Security (CARES) IIIC HR748-C2 Home			
Delivered Meals	93.045	2001CAHDC3-00	38,373
Total pass through the Central Coast Commission for Senior Citizens			<u>\$ 270,583</u>
<i>Pass through the California State Department of Education (Child Care Programs Cluster):</i>			
General Child Care and Development	93.575 & 93.596	CCTR-9249	\$ 60,274
General Child Care and Development	93.575 & 93.596	CCTR-0254	60,274
Total pass through CA State Dept of Ed (Child Care Programs Cluster)			<u>\$ 120,548</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>\$ 15,093,645</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 15,404,181</u></u>

**COMMUNIFY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended December 31, 2020

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the Federal award activity of CommUnify, under programs of the federal government for the year ended December 31, 2020, in accordance with the requirements of Title 2 U. S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of CommUnify, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CommUnify.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance\*, wherein certain types of expenditures are not allowed or are limited as a reimbursement. CommUnify has not elected to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

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

## OTHER AUDITOR'S REPORTS





CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

111 E. Victoria Street 2<sup>nd</sup> Floor, Santa Barbara, CA 93101, (805) 962-9175, [www.mcgowan.com](http://www.mcgowan.com)

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

Board of Directors  
Community Action Commission of Santa Barbara County, Inc.  
dba CommUnify

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 Community Action Commission of Santa Barbara County, Inc. dba CommUnify (the Organization) as of and for the year ended December 31, 2020, and the related notes to the financial statements and have issued our report thereon dated May 5, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink, reading "McGowan Guntermann". The signature is written in a cursive, flowing style.

Santa Barbara, California  
May 5, 2021



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

---

111 E. Victoria Street 2<sup>nd</sup> Floor, Santa Barbara, CA 93101, (805) 962-9175, [www.mcgowan.com](http://www.mcgowan.com)

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

Board of Directors  
Community Action Commission of Santa Barbara County, Inc.  
dba CommUnify

**Report on Compliance for Each Major Federal Program**

We have audited the Community Action Commission of Santa Barbara County, Inc. dba CommUnify's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2020. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

## **Opinion on Compliance for Each Major Federal Program**

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

## **Report on Internal Control over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

## **Purpose of this Report**

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

*McGowan Guntermann*

Santa Barbara, California  
May 5, 2021

**Community Action Commission of Santa Barbara County, Inc.**  
**dba CommUnify**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended December 31, 2020

**Section I—Summary of Auditor’s Results**

*Financial Statements*

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

Internal control over financial reporting:

Material weakness identified? **No**

Significant deficiencies identified that are not considered to be material weaknesses? **No**

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

*Federal Awards*

Internal control over major programs:

Material weakness identified? **No**

Significant deficiencies identified that are not considered to be material weaknesses? **No**

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

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

Identification of major programs:

CFDA Number	Program Name	Expenditures
93.600	Head Start and Early Head Start	\$11,365,962
93.568	Low Income Home Energy Assistance Program	1,388,637
93.045 & 93.053	Aging Cluster (CFDA #'s 93.044, 93.045, 93.053)	
93.044	Special Programs for the Aging	840,673

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

Auditee qualified as low-risk auditee? **Yes**

**Section II—Financial Statement Findings**

None

**Section III—Federal Award Findings and Questioned Costs**

None