

## **FII-National**

Financial Statements  
and Single Audit Reports and Schedules

December 31, 2021 and 2020  
(With Comparative Totals for 2020)



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
FII-National  
Oakland, California

### **Opinion**

We have audited the accompanying financial statements of FII-National (the "Organization"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FII-National as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis of Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FII-National 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 these 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 FII-National's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FII-National'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 FII-National'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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

### **Report on Summarized Comparative Information**

We have previously audited FII-National's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 12, 2021 . In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Armanino<sup>LLP</sup>  
San Francisco, California

June 29, 2022

FII-National  
Statement of Financial Position  
December 31, 2021 and 2020  
(With Comparative Totals for 2020)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 73,947,675	\$ 44,209,335
Contributions and grants receivable	5,748,076	7,999,726
Prepaid expenses	328,918	208,301
Total current assets	80,024,669	52,417,362
Noncurrent assets		
Contributions and grants receivable, net of current portion	202,952	1,716,387
Other accounts receivable	10,000	10,000
Deposits	2,687	2,609
Total noncurrent assets	215,639	1,728,996
Total assets	\$ 80,240,308	\$ 54,146,358
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 242,491	\$ 195,264
Accrued salaries and other	63,351	100,327
Refundable advance	2,131,167	6,832,400
Total current liabilities	2,437,009	7,127,991
Net assets		
Without donor restrictions	55,987,081	20,200,514
With donor restrictions	21,816,218	26,817,853
Total net assets	77,803,299	47,018,367
Total liabilities and net assets	\$ 80,240,308	\$ 54,146,358

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

FII-National  
Statement of Activities  
For the Year Ended December 31, 2021  
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Revenues and support				
Support				
Foundation contributions	\$ 119,784	\$ 26,044,157	\$ 26,163,941	\$ 20,231,260
Individual/stock contributions	40,519,465	747,933	41,267,398	10,687,508
Government grants and contracts	-	8,252,865	8,252,865	2,692,723
Program service fees	-	434,337	434,337	2,027,385
COVID-19 funding (Note 9)	-	-	-	<u>136,796,331</u>
Total support	<u>40,639,249</u>	<u>35,479,292</u>	<u>76,118,541</u>	<u>172,435,207</u>
Other revenue	173,338	-	173,338	206,869
Fiscal agent revenue	-	<u>124,260</u>	<u>124,260</u>	<u>120,571</u>
Total revenues and support	<u>40,812,587</u>	<u>35,603,552</u>	<u>76,416,139</u>	<u>172,762,647</u>
Net assets released from restriction	<u>40,605,187</u>	<u>(40,605,187)</u>	<u>-</u>	<u>-</u>
Total revenues and support	<u>81,417,774</u>	<u>(5,001,635)</u>	<u>76,416,139</u>	<u>172,762,647</u>
Functional expenses				
Program services (Note 9)	<u>43,174,640</u>	<u>-</u>	<u>43,174,640</u>	<u>135,372,582</u>
Support services				
Management and general	1,741,783	-	1,741,783	1,223,072
Fundraising	<u>714,784</u>	<u>-</u>	<u>714,784</u>	<u>1,046,795</u>
Total support services	<u>2,456,567</u>	<u>-</u>	<u>2,456,567</u>	<u>2,269,867</u>
Total functional expenses	<u>45,631,207</u>	<u>-</u>	<u>45,631,207</u>	<u>137,642,449</u>
Change in net assets	35,786,567	(5,001,635)	30,784,932	35,120,198
Net assets, beginning of year	<u>20,200,514</u>	<u>26,817,853</u>	<u>47,018,367</u>	<u>11,898,169</u>
Net assets, end of year	<u>\$ 55,987,081</u>	<u>\$ 21,816,218</u>	<u>\$ 77,803,299</u>	<u>\$ 47,018,367</u>

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

FII-National  
Statement of Functional Expenses  
For the Year Ended December 31, 2021  
(With Comparative Totals for 2020)

	Program Services	Support Services			2021 Total	2020 Total
		Management and General	Fundraising	Total Support Services		
Personnel expenses						
Salaries and wages	\$ 3,304,028	\$ 1,047,324	\$ 502,312	\$ 1,549,636	\$ 4,853,664	\$ 4,057,867
Employee benefits	551,786	174,907	83,888	258,795	810,581	702,556
Total personnel expenses	3,855,814	1,222,231	586,200	1,808,431	5,664,245	4,760,423
Direct cash payments to families (Note 9)	26,192,964	-	-	-	26,192,964	3,484,098
COVID-19 grants to families (Note 9)	9,646,885	-	-	-	9,646,885	127,149,446
Contract labor	2,551,350	270,628	5,675	276,303	2,827,653	471,071
Dues and fees	508,356	161,141	80,807	241,948	750,304	145,910
Fiscal agent fees	142,338	-	-	-	142,338	100,393
Legal and professional fees	133,514	42,322	20,298	62,620	196,134	133,537
Office expense	98,423	31,198	14,963	46,161	144,584	68,892
Meals, travel, and conferences	22,581	7,158	3,433	10,591	33,172	41,737
Rent	22,415	7,105	3,408	10,513	32,928	33,679
COVID-19 campaign expenses (Note 9)	-	-	-	-	-	1,253,263
	<u>\$ 43,174,640</u>	<u>\$ 1,741,783</u>	<u>\$ 714,784</u>	<u>\$ 2,456,567</u>	<u>\$ 45,631,207</u>	<u>\$ 137,642,449</u>

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

FII-National  
Statement of Cash Flows  
For the Year Ended December 31, 2021  
(With Comparative Totals for 2020)

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 30,784,932	\$ 35,120,198
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Changes in operating assets and liabilities		
Contributions and grants receivable	3,765,085	(5,880,696)
Prepaid expenses	(120,617)	(202,690)
Other accounts receivable	-	116,959
Deposits	(78)	(92)
Accounts payable	47,227	158,170
Accrued salaries and other	(36,976)	18,567
Refundable advance	(4,701,233)	4,457,400
Net cash provided by operating activities	29,738,340	33,787,816
Net increase in cash and cash equivalents	29,738,340	33,787,816
Cash and cash equivalents, beginning of year	44,209,335	10,421,519
Cash and cash equivalents, end of year	\$ 73,947,675	\$ 44,209,335
 Cash and cash equivalents consisted of the following:		
Cash and cash equivalents	\$ 47,481,660	\$ 30,034,761
Merchant account	26,466,015	14,174,574
	\$ 73,947,675	\$ 44,209,335

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

FII-National  
Notes to Financial Statements  
December 31, 2021

1. NATURE OF OPERATIONS

FII-National DBA UpTogether (the "Organization") is a national organization that reveals and accelerates the initiative people are taking to improve their lives. The Organization was originally founded in 2001 as Family Independence Initiative, and changed their name to better convey themselves as an organization, a movement and a platform.

As a community, a movement and a platform, we use the power of information—compelling insights and personal success stories—to transform stereotypes, beliefs, practices and policies. Together with our members, we are championing a community-led movement to boost economic and social mobility in communities that have been undervalued and underinvested in for far too long. The Organization partners with individuals, families, funders, government agencies and community partners to create an environment where every person can thrive, on their own terms.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial statement presentation

The Organization reports information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* - net assets not subject to donor-imposed restrictions that are used to support the programs, as well as general and administrative functions of the Organization.
- *Net assets with donor restrictions* - net assets subject to donor-imposed restrictions that may or will be met by actions of the Organization and/or the passage of time.

Cash and cash equivalents

For the purposes of the statements of cash flows, the Organization considers all money market funds, merchant accounts and highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

FII-National  
Notes to Financial Statements  
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization characterizes the fair value of financial instruments measured at fair value on a recurring basis, based on the priority of the inputs used to value the instruments, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1], and the lowest priority to unobservable inputs [Level 3]. If the inputs used to measure the instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurements of the instruments. Financial instruments measured at fair value on a recurring basis in the statement of financial position are categorized based on the inputs to valuation techniques.

At December 31, 2021, the Organization did not have any assets or liabilities subject to measurement at fair value on a recurring basis.

Revenue recognition

Grants and contributions are recorded as revenue without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

Contributions including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. At December 31, 2021, contributions approximating \$6,400,000 have been awarded but not yet recognized in the accompanying statement of activities because the conditions on which they depend have not yet been met. The conditions primarily relate to certain milestones and performance metrics. Of the total conditional contributions, \$2,131,167 has been received and is reported as a refundable advance in the statement of financial position.

Donated materials and equipment are recorded as contributions based on the estimated fair value at the date the contribution is made. Donated services are recorded as contributions at their estimated fair value only in those instances in which they enhance non-financial assets or the Organization would have acquired such services if they had not been donated, require special skills, and are provided by individuals with those skills. The Organization did not receive any donated services in 2021.

FII-National  
Notes to Financial Statements  
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

A portion of the Organization's revenue is derived from cost-reimbursable contracts from governmental agencies, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. The revenue generated from these contracts meets the criteria to be classified as conditional contributions under GAAP revenue recognition as they contain barriers related to the incurrence of qualifying expenditures and a right of return or release. Amounts received are recognized as revenues when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Contributions and grants receivables

Contributions and grants that are promised in one year but are not expected to be collected until after the end of that year are considered contributions and grants receivable and are recorded at fair value by discounting at an appropriate discount rate commensurate with the risks involved. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful accounts is provided based upon management's judgment including such factors as prior collection history, type of contributions, and current aging of the promises to give.

Income tax status

The Organization is a qualified organization exempt from Federal income and California franchise taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and taxation code, respectively.

The Organization has evaluated its current tax positions and has concluded that as of December 31, 2021, the Organization does not have any significant tax positions for which a reserve would be necessary.

Functional expense allocation

Expenses are charged to programs and supporting services on the basis of the Organization's estimates. Management and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Salaries, wages and benefits have been allocated among program services and supporting services based upon the employees' estimated time spent by function. Other expenses are assigned directly to specific activities as expenditures are made.

Credit risk

Cash and cash equivalents maintained by the Organization are normally in excess of the federally insured limits. The Organization mitigates this risk by placing cash and cash equivalents with high credit quality institutions.

FII-National  
Notes to Financial Statements  
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain prior year balances have been reclassified to conform to the current year presentation.

Subsequent events

The Organization has evaluated subsequent events through June 29, 2022, the date the financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of the Organization's financial statements.

3. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable consist of the following:

Amounts due in less than one year	\$ 5,748,076
Amounts due in one to four years	<u>202,952</u>
	<u>\$ 5,951,028</u>

The accompanying financial statements do not provide for an allowance for doubtful contributions and grants receivable or discount to net realizable value as of December 31, 2021, as the Organization believes that they will fully collect its receivable and the value reflected in the financial statements approximates net realizable value.

FII-National  
Notes to Financial Statements  
December 31, 2021

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Implied time restriction	\$ 1,950,000
East Coast	1,816,243
Mid Coast	4,297,356
National	2,496,990
South West	5,215,653
West Coast	10,957,137
Immigrant Family Defense Fund	<u>84,474</u>
	<u>\$ 26,817,853</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows:

East Coast	\$ 3,394,193
Mid West	5,050,990
National	11,167,248
South West	12,119,268
West Coast	8,731,150
Immigrant Family Defense Fund	<u>142,338</u>
	<u>\$ 40,605,187</u>

5. RETIREMENT PLANS

The Organization has a 401(k) Qualified Retirement Plan (the "Plan") covering all employees after attainment of specific periods of service and minimum age requirements. The Plan includes an employer match of employee contributions of up to 2% of a participant's gross monthly earnings. During the year ended December 31, 2021, the Organization contributed \$58,302 to the Plan.

In addition, employees have the option of contributing a percentage of their salary as allowable by law to a tax-sheltered annuity trust ("TSA"). If an employee needs to use the funds invested into the TSA, the employee has the option of initiating a loan against the account provided that the need for such loan meets certain conditions. Loans are subject to review by the Organization.

6. OPERATING LEASES

The Organization leases office space in Oakland under a non-cancelable operating lease.

FII-National  
Notes to Financial Statements  
December 31, 2021

6. OPERATING LEASES (continued)

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year ending December 31,</u>	
2022	\$ 24,183
	<u>\$ 24,183</u>

Rent expense amounted to \$32,928 for the year ended December 31, 2021.

7. CONCENTRATIONS

The Organization had two donors that comprised 48% of total contributions and grants receivable at December 31, 2021 and one donor that comprised 53% of total contribution revenue for the year ended December 31, 2021.

8. LIQUIDITY AND FUNDS AVAILABLE

As of December 31, 2021, the Organization has \$76,807,492 of financial assets available for general expenditures within one year of the statement of financial position date. This is comprised of \$79,695,752 of current financial assets consisting of cash and cash equivalents of \$73,947,676 and contributions and grants receivable of \$5,748,076, less amounts unavailable for general expenditure within one year of the statement of financial position date of \$2,888,260 as these amounts are restricted for use in specific city sites. These restrictions, however, do not generally impact liquidity management as they are eliminated as actual expenses are incurred, that is, the restrictions are removed through the act of spending. To manage its overall liquidity, the Organization has a goal to maintain cash on hand to meet four to six months of operating expenses. The Organization manages its operations, revenue generation and spending to maintain its cash within this target range. The Organization does not have lines of credit or other alternate sources of cash that it could draw upon in the event of an unanticipated liquidity need. Consequently, its cash is not actively invested and is held in checking and savings accounts.

9. #GIVETOGETHERNOW CAMPAIGN

In March 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and orders were issued to shelter in place worldwide. In response to the socio-economic impact to millions of families and individuals, FII-National dba UpTogether in partnership with Stand Together, launched #GiveTogetherNow, our national effort to support those individuals hit hardest by the pandemic by distributing unrestricted cash rapidly to provide them some relief. The Organization's partnership with philanthropy, local government agencies, and individuals from all across the county yielded approximately \$136.8 million which was used to provide one-time unrestricted grants of approximately \$127.1 million to invest in over 200,000 households across all 50 states in 2020.

FII-National  
Notes to Financial Statements  
December 31, 2021

9. #GIVETOGETHERNOW CAMPAIGN (continued)

The #GiveTogetherNow campaign ended in 2020, with the remaining \$9.7 million received during the campaign being distributed to families in 2021. As a result of the effort associated with delivering such a significant volume of COVID-19 relief grants, the Organization deferred planned growth of families receiving grants under their strength-based model. The #GiveTogetherNow campaign was considered to be a one-time campaign designed as a response to the COVID-19 pandemic, and management has elected to present these funds separate from other grant funding in the statement of activities.

UpTogether resumed growth and distribution of grants under its strength-based model in 2021. Cash disbursements to families under our strength-based model totaled approximately \$26.2 million in 2021 as compared with \$3.5 million in 2020.

SINGLE AUDIT REPORTS AND SCHEDULES

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees  
FII-National  
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of FII-National (the "Organization"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2022.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Armanino<sup>LLP</sup>  
San Francisco, California

June 29, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE

To the Board of Trustees  
FII-National  
Oakland, California

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

***Opinion on Each Major Federal Program***

We have audited FII-National (the "Organization")'s 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, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the 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, 2021.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

Management is responsible for compliance with requirements referred to above and for the design, implementation, and maintenance of effective internal over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization'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 the Organization'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 the Organization's compliance with the requirements of each 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 the Organization'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 the Organization'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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

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

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

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

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

Armanino<sup>LLP</sup>  
San Francisco, California

June 29, 2022

FII-National  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>Expenditures of Federal Awards</u>			
U.S. Department of the Treasury			
Coronavirus Relief Fund			
Pass-through program from:			
Cook County	21.019	873148568	\$ 1,153,200
City of San Antonio	21.019	2020-06-04-0346	376,350
Bernalillo County	21.019		1,358,000
		212005.20CB09.	
City of Chicago - COVID	21.019	9201.0000	529,500
El Paso County	21.019		300,000
			<u>3,717,050</u>
Total Coronavirus Relief Fund			<u>3,717,050</u>
Coronavirus State and Local Recovery Funds			
Pass-through program from:			
City of Albuquerque	21.027		4,091,000
Total Coronavirus State and Local Recovery Funds			<u>4,091,000</u>
Total U.S. Department of the Treasury			<u>7,808,050</u>
U.S. Department of Health and Human Services			
Community Services Block Grant			
Pass-through program from:			
City of Oakland	93.569		611,394
Total Program Name			<u>611,394</u>
Total U.S. Department of Health and Human Services			<u>611,394</u>
Total Expenditures of Federal Awards			<u>\$ 8,419,444</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards  
are an integral part of this schedule.

FII-National  
Notes to Schedule of Expenditures of Federal Awards  
December 31, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of FII-National (the "Organization") under programs of the federal government for the year ended December 31, 2021. The information in this 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.

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 allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. INDIRECT COST RATE

The Organization has elected to not use the 10% de minimis indirect cost rate for federal awards.

FII-National  
 Schedule of Findings and Questioned Costs  
 For the Year Ended December 31, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
Coronavirus State and Local Recovery Fund	21.027
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

FII-National  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2021

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

FII-National  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2021

There were no findings during the prior year single audit.