

FII-National

Financial Statements
and Single Audit Reports and Schedules

December 31, 2020
(With Comparative Totals for 2019)



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
FII-National
Oakland, California

We have audited the accompanying financial statements of FII-National (a nonprofit organization) (the "Organization"), which comprise the statement 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 FII-National 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.



An independent firm
associated with Moore
Global Network Limited

Emphasis of Matter

As discussed in Note 9 to the financial statements, 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. Given the uncertainty of the situation, the ultimate financial impact to the Organization and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Other Matter

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 May 12, 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 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 2019 financial statements, and our report dated May 27, 2020 expressed an unmodified opinion on those audited financial statements. 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.



Armanino^{LLP}
San Francisco, California

May 12, 2021

FII-National
Statement of Financial Position
December 31, 2020
(With Comparative Totals for 2019)

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 44,209,335	\$ 10,421,519
Contributions and grants receivable	7,999,726	2,530,409
Prepaid expenses	<u>208,301</u>	<u>5,611</u>
Total current assets	<u>52,417,362</u>	<u>12,957,539</u>
Noncurrent assets		
Contributions and grants receivable, net of current portion	1,716,387	1,305,008
Other accounts receivable	10,000	126,959
Deposits	<u>2,609</u>	<u>2,517</u>
Total noncurrent assets	<u>1,728,996</u>	<u>1,434,484</u>
Total assets	<u>\$ 54,146,358</u>	<u>\$ 14,392,023</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 195,264	\$ 37,094
Accrued salaries and other	100,327	81,760
Refundable advance	<u>6,832,400</u>	<u>2,375,000</u>
Total current liabilities	<u>7,127,991</u>	<u>2,493,854</u>
Net assets		
Without donor restrictions	15,198,879	4,586,281
With donor restrictions	<u>31,819,488</u>	<u>7,311,888</u>
Total net assets	<u>47,018,367</u>	<u>11,898,169</u>
Total liabilities and net assets	<u>\$ 54,146,358</u>	<u>\$ 14,392,023</u>

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

FII-National
Statement of Activities
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Revenues and support				
Support				
Foundation contributions	\$ 762,849	\$ 19,468,411	\$ 20,231,260	\$ 8,644,403
Individual/stock contributions	9,965,758	721,750	10,687,508	2,154,171
Government grants and contracts	-	2,692,723	2,692,723	368,672
Earned revenue	-	2,027,385	2,027,385	188,101
COVID-19 funding	-	136,796,331	136,796,331	-
Total support	<u>10,728,607</u>	<u>161,706,600</u>	<u>172,435,207</u>	<u>11,355,347</u>
Other revenue	206,869	-	206,869	63,802
Fiscal agent revenue	-	120,571	120,571	-
Total revenues and support	<u>10,935,476</u>	<u>161,827,171</u>	<u>172,762,647</u>	<u>11,419,149</u>
Net assets released from restriction	<u>137,319,571</u>	<u>(137,319,571)</u>	<u>-</u>	<u>-</u>
Total revenues and support	<u>148,255,047</u>	<u>24,507,600</u>	<u>172,762,647</u>	<u>11,419,149</u>
Functional expenses				
Program services	<u>135,372,582</u>	<u>-</u>	<u>135,372,582</u>	<u>5,575,995</u>
Support services				
Management and general	1,223,072	-	1,223,072	833,445
Fundraising	1,046,795	-	1,046,795	794,921
Total support services	<u>2,269,867</u>	<u>-</u>	<u>2,269,867</u>	<u>1,628,366</u>
Total functional expenses	<u>137,642,449</u>	<u>-</u>	<u>137,642,449</u>	<u>7,204,361</u>
Change in net assets	10,612,598	24,507,600	35,120,198	4,214,788
Net assets, beginning of year	<u>4,586,281</u>	<u>7,311,888</u>	<u>11,898,169</u>	<u>7,683,381</u>
Net assets, end of year	<u>\$ 15,198,879</u>	<u>\$ 31,819,488</u>	<u>\$ 47,018,367</u>	<u>\$ 11,898,169</u>

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

FII-National
Statement of Functional Expenses
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Program Services	Support Services		Total Support Services	2020 Total	2019 Total
		Management and General	Fundraising			
Personnel expenses						
Salaries and wages	\$ 2,429,146	\$ 877,602	\$ 751,119	\$ 1,628,721	\$ 4,057,867	\$ 3,002,538
Employee benefits	<u>420,569</u>	<u>151,943</u>	<u>130,044</u>	<u>281,987</u>	<u>702,556</u>	<u>480,520</u>
Total personnel expenses	2,849,715	1,029,545	881,163	1,910,708	4,760,423	3,483,058
COVID-19 grants to families	127,149,446	-	-	-	127,149,446	-
COVID-19 campaign expenses	1,253,263	-	-	-	1,253,263	-
Contract labor	281,996	101,880	87,195	189,075	471,071	540,916
Rent	20,161	7,284	6,234	13,518	33,679	98,486
Office expense	41,241	14,900	12,751	27,651	68,892	70,078
Legal and professional fees	79,939	28,880	24,718	53,598	133,537	154,368
Dues and fees	87,345	31,556	27,009	58,565	145,910	150,034
Meals, travel, and conferences	24,985	9,027	7,725	16,752	41,737	184,863
Family initiative payments	3,484,098	-	-	-	3,484,098	2,472,558
Other expenses	-	-	-	-	-	50,000
Fiscal agent fees	<u>100,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,393</u>	<u>-</u>
	<u>\$ 135,372,582</u>	<u>\$ 1,223,072</u>	<u>\$ 1,046,795</u>	<u>\$ 2,269,867</u>	<u>\$ 137,642,449</u>	<u>\$ 7,204,361</u>

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

FII-National
Statement of Cash Flows
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 35,120,198	\$ 4,214,788
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Changes in operating assets and liabilities		
Contributions and grants receivable	(5,880,696)	602,481
Prepaid expenses	(202,690)	15,614
Other accounts receivable	116,959	15,822
Deposits	(92)	6,160
Accounts payable	158,170	(30,952)
Accrued salaries and other	18,567	(44,930)
Refundable advance	<u>4,457,400</u>	<u>2,375,000</u>
Net cash provided by operating activities	<u>33,787,816</u>	<u>7,153,983</u>
Net increase in cash and cash equivalents	33,787,816	7,153,983
Cash and cash equivalents, beginning of year	<u>10,421,519</u>	<u>3,267,536</u>
Cash and cash equivalents, end of year	<u>\$ 44,209,335</u>	<u>\$ 10,421,519</u>
 Cash and cash equivalents consisted of the following:		
Cash and cash equivalents	\$ 30,034,761	\$ 10,421,519
Merchant account	<u>14,174,574</u>	<u>-</u>
	<u>\$ 44,209,335</u>	<u>\$ 10,421,519</u>

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

FII-National
Notes to Financial Statements
December 31, 2020

1. NATURE OF OPERATIONS

FII-National (the "Organization") is a national organization that reveals and accelerates the initiative people are taking to improve their lives.

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.

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 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 \$136 million to invest in over 200,000 households across all 50 states.

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.

FII-National
Notes to Financial Statements
December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2020, 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, 2020, contributions approximating \$11,415,000 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, \$6,832,400 has been received and is reported as a refundable advance in the statement of financial position.

FII-National
Notes to Financial Statements
December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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 2020.

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, 2020, 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.

FII-National
Notes to Financial Statements
December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

3. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable consist of the following:

Amounts due in less than one year	\$ 7,999,726
Amounts due in one to four years	<u>1,716,387</u>
	<u>\$ 9,716,113</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, 2020, as the Organization believes that they will fully collect its receivable and the value reflected in the financial statements approximates net realizable value.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

COVID-19 Campaign	\$ 9,646,885
Implied time restriction	7,104,588
Northern California	7,007,105
Texas	3,440,513
Cincinnati	2,058,061
Boston	1,358,937
Oregon	232,514
Chicago	114,458
Other sites	753,876
Immigrant Family Defense Fund	<u>102,551</u>
	<u>\$ 31,819,488</u>

FII-National
Notes to Financial Statements
December 31, 2020

4. NET ASSETS WITH DONOR RESTRICTIONS (continued)

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:

COVID-19 Campaign	\$ 127,149,446
Implied time restriction	5,654,636
Northern California	55,584
Texas	2,607,228
Cincinnati	172,417
Boston	335,122
Oregon	253,564
Chicago	725,837
Other sites	265,345
Immigrant Family Defense Fund	<u>100,392</u>
	<u>\$ 137,319,571</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, 2020, the Organization contributed \$50,491 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.

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

<u>Year ending December 31,</u>	
2021	\$ <u>22,644</u>
	<u>\$ 22,644</u>

Rent expense amounted to \$33,679 for the year ended December 31, 2020.

FII-National
Notes to Financial Statements
December 31, 2020

7. CONCENTRATIONS

The Organization had two donors that comprised 54% of total contributions and grants receivable at December 31, 2020 and two donors that comprised 29% of total contribution revenue for the year ended December 31, 2020.

8. LIQUIDITY AND FUNDS AVAILABLE

As of December 31, 2020, the Organization has \$30,411,748 of financial assets available for general expenditures within one year of the statement of financial position date. This is comprised of \$52,209,061 of current financial assets consisting of cash and cash equivalents of \$44,209,335 and contributions and grants receivable of \$7,999,726, less amounts unavailable for general expenditure within one year of the statement of financial position date of \$21,797,313 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. RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared a novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of business and shelter in place orders, including California, where the Organization is headquartered. In response, the U.S. Government enacted the CARES Act, which includes significant provisions to provide relief and assistance to affected organizations.

Potential impacts to the Organization's operations include disruptions or restrictions on employees' ability to work and the fluctuation in investment balances due to the negative effect of the pandemic on the financial markets. The Organization's donor base may also be affected in a variety of ways, potentially limiting the amount of contributions that might be received during this time. Any of the foregoing could harm the Organization's operations and the ways in which health epidemics such as COVID-19 could adversely impact the business cannot be anticipated. Although the Organization is continuing to monitor and assess the effects of the COVID-19 pandemic on their business, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

FII-National
Notes to Financial Statements
December 31, 2020

10. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 12, 2021, the date the financial statements were available to be issued. No subsequent events, other than as described below, have occurred that would have a material impact on the presentation of the Organization's financial statements.

Subsequent to year end, the Organization changed its name to UpTogether.

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 Directors
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 (a nonprofit organization) (the "Organization"), which comprise the statement 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, and have issued our report thereon dated May 12, 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 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^{LLP}
San Francisco, California

May 12, 2021

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

To the Board of Directors
FII-National
Oakland, California

Report on Compliance for Each Major Federal Program

We have audited FII-National (a nonprofit organization) (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, 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on 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 weakness or significant deficiencies.

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Armanino^{LLP}
San Francisco, California

May 12, 2021

FII-National
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA 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:			
		212005.20CB09.	
City of Chicago	21.019	9201.0000	20,071,000
Cook County	21.019	873148568	7,713,100
City of San Antonio	21.019	2020-06-04-0346	4,000,000
City of Albuquerque	21.019	202100412	<u>2,500,000</u>
			<u>34,284,100</u>
Total U.S. Department of the Treasury			<u>34,284,100</u>
Total Expenditures of Federal Awards			<u>\$ 34,284,100</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, 2020

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, 2020. 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 minimus indirect cost rate for federal awards.

FII-National
 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(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>CFDA Number</u>
Coronavirus Relief Fund	21.019

Dollar threshold used to distinguish between Type A and Type B programs	\$1,029,843
Auditee qualified as low-risk auditee?	No

FII-National
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

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, 2020

A single audit was not performed in the prior year; as such the prior audit did not contain a schedule of findings and questioned costs.