

NEWS

FINANCIAL STATEMENTS

June 30, 2023 and 2022

Audited by

Coughlan Napa CPA Company, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
NEWS
Napa, CA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of NEWS (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of NEWS as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NEWS'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 NEWS's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2023, on our consideration of NEWS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NEWS'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 NEWS's internal control over financial reporting and compliance.

Coughlan Napa CPA Company, Inc.

Coughlan Napa CPA Company, Inc.

November 1, 2023

NEWS
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and Equivalents (Notes 2 & 6)	\$ 1,085,340	\$ 948,490
Certificates of Deposit	255,432	-
Receivables (Note 2)	443,311	410,813
Prepaid Expenses and Deposits	10,126	13,011
<i>Total Current Assets</i>	<u>1,794,209</u>	<u>1,372,314</u>
PROPERTY AND EQUIPMENT, net (Note 7)	<u>374,920</u>	<u>395,686</u>
OTHER ASSETS		
Investments (Note 8)	966,769	906,697
Right of Use Operating Assets (Note 13)	102,761	-
<i>Total Other Assets</i>	<u>1,069,530</u>	<u>906,697</u>
TOTAL ASSETS	<u><u>\$ 3,238,659</u></u>	<u><u>\$ 2,674,697</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 62,924	\$ 43,338
Accrued Expenses	74,649	71,703
Agency Funds Held	7,177	845
Flex Plan	1,103	-
Current Portion of Right of Use Lease Liability (Note 13)	51,806	-
<i>Total Current Liabilities</i>	<u>197,659</u>	<u>115,886</u>
NONCURRENT LIABILITIES		
Note Payable (Note 9)	114,014	114,014
Right-of-Use Operating Lease Obligations (Note 13)	53,302	-
<i>Total Noncurrent Liabilities</i>	<u>167,316</u>	<u>114,014</u>
NET ASSETS		
Without Donor Restrictions - Board Designated	2,030,000	1,810,000
Without Donor Restrictions - Other	625,537	634,797
With Donor Restrictions	218,147	-
<i>Total Net Assets</i>	<u>2,873,684</u>	<u>2,444,797</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,238,659</u></u>	<u><u>\$ 2,674,697</u></u>

See accountants' report to and notes to financial statements.

NEWS
STATEMENTS OF ACTIVITIES
For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE AND SUPPORT		
Grants	\$ 2,822,985	\$ 2,726,168
Contributions	627,491	402,153
Donated Materials, Facilities and Services	53,880	61,392
<i>Total Revenue and Support before Investment Gain Without Donor Restrictions</i>	3,504,356	3,189,713
Net Investment Gain (Loss)	61,529	(136,306)
Net Assets Released from Restriction: Satisfaction of Program Restrictions	41,853	-
<i>Total Revenue and Support Investment Gain Without Donor Restrictions</i>	3,607,738	3,053,407
EXPENSES		
<i>Programs</i>		
Emergency Shelter	579,499	571,568
Sexual Assault Victims Services	474,489	493,164
Transitional Housing	632,402	555,234
Outreach and Education	284,802	221,950
Kids Exposed to Domestic Violence	113,945	149,078
Crisis Intervention	525,443	441,111
Volunteers	38,765	69,285
Monarch Family Justice Center	233,602	54,046
<i>Total Program Expenses</i>	2,882,947	2,555,436
<i>Support Services</i>		
Management and General	328,671	289,328
Fundraising	185,379	178,802
<i>Total Support Services Expenses</i>	514,050	468,130
<i>Total Expenses</i>	3,396,997	3,023,566
<i>Increase in Net Assets Without Donor Restrictions</i>	210,741	29,841
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Grants	260,000	-
Net Assets Released from Restriction	(41,853)	-
<i>Increase in Net Assets With Donor Restrictions</i>	218,147	-
NET ASSETS, BEGINNING OF YEAR	2,444,797	2,414,956
NET ASSETS, END OF YEAR	<u><u>\$ 2,873,685</u></u>	<u><u>\$ 2,444,797</u></u>

See accountants' report to and notes to financial statements.

NEWS
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 428,888	\$ 29,841
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Unrealized (Gains) Losses on Investments	(75,793)	160,801
Depreciation	20,766	21,451
Amortization of Right-of-Use Assets	49,208	-
(Increase) in Receivables	(32,498)	(100,954)
(Increase) Decrease in Prepaid Expenses and Deposits	2,886	(4,765)
Increase in Accounts Payable	19,585	11,728
Increase in Accrued Expenses	4,048	2,681
Increase in Agency Funds Held	6,333	845
Payments for Right-of-Use Operating Lease Liability	(50,480)	-
Imputed Interest on Right-of-Use Operating Lease	3,619	-
Total Adjustments	<u>(52,326)</u>	<u>91,787</u>
Net Cash Provided by Operating Activities	<u>376,562</u>	<u>121,628</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(218,410)	(219,130)
Proceeds from the Sale of Investments	<u>234,130</u>	<u>196,303</u>
Net Cash Provided (Used) by Investing Activities	<u>15,720</u>	<u>(22,827)</u>
 NET INCREASE IN CASH	 392,282	 98,801
 CASH, BEGINNING OF YEAR	 <u>948,490</u>	 <u>849,689</u>
 CASH, END OF YEAR	 <u><u>\$ 1,340,772</u></u>	 <u><u>\$ 948,490</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Non-Cash Transactions:		
Right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$ 151,969</u>	<u>\$ -</u>

See accountants' report to and notes to financial statements.

NEWS
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	Emergency Shelter	SAVS	Transitional Housing	Outreach & Education	KEDS	Crisis Intervention	Volunteers	Monarch Family Justice Center	Total Program	Management and General	Fundraising	Total
Compensation and Related Expenses												
Salaries and Wages	\$ 374,751	\$ 294,243	\$ 231,933	\$ 184,744	\$ 74,388	\$ 353,858	\$ 26,126	\$ 163,210	\$ 1,703,251	\$ 208,130	\$ 122,931	\$ 2,034,312
Payroll Taxes	30,396	23,866	18,812	14,985	6,034	28,702	2,119	13,238	138,152	16,882	9,971	165,005
Employee Benefits	48,254	37,888	29,865	23,788	9,579	45,564	3,364	21,016	219,317	26,800	15,829	261,946
Total Compensation and Related Expenses	453,402	355,997	280,609	223,517	90,001	428,123	31,609	197,464	2,060,721	251,811	148,731	2,461,263
Other Expenses												
Bank Charges	-	-	-	-	-	-	-	-	-	3,015	3,686	6,701
Communication	5,518	4,327	3,632	3,246	1,460	5,829	456	2,666	27,134	1,573	1,112	29,819
Depreciation	13,478	1,298	1,089	973	438	1,748	137	800	19,961	472	333	20,766
Dues and Subscriptions	3,000	975	-	558	-	-	-	-	4,533	1,734	-	6,267
Grants to Beneficiaries	25,679	37,524	275,612	-	-	21,779	-	-	360,594	-	-	360,594
Insurance	10,425	8,185	6,452	5,139	2,069	9,843	727	4,540	47,380	5,790	3,420	56,590
Licenses and Permits	1,495	-	-	-	-	-	-	-	1,495	205	-	1,700
Occupancy	19,479	21,077	17,688	15,810	7,113	28,390	2,219	12,987	124,762	7,663	5,415	137,841
Office Supplies	4,729	3,709	3,112	2,782	1,252	4,995	391	2,285	23,254	1,348	953	25,555
Printing and Reproduction	3,509	2,752	2,310	2,064	929	3,707	290	1,696	17,257	1,001	707	18,965
Professional Fees	1,407	6,877	3,790	4,725	-	161	-	-	16,960	26,864	-	43,824
Repairs and Maintenance	10,984	9,897	8,306	7,424	3,340	13,332	1,042	6,099	60,424	3,599	2,543	66,566
Staff Development and Training	5,512	3,119	966	3,283	615	765	1,584	2,785	18,629	14,841	-	33,470
Supplies	18,027	16,510	26,955	13,600	5,971	3,750	75	900	85,789	7,939	17,903	111,632
Travel: mileage, meals, travel	2,858	2,241	1,881	1,681	756	3,019	236	1,381	14,054	815	576	15,444
Total Other Expenses	126,098	118,492	351,792	61,285	23,944	97,319	7,156	36,139	822,226	76,860	36,648	935,734
TOTAL FUNCTIONAL EXPENSES	\$ 579,499	\$ 474,489	\$ 632,402	\$ 284,802	\$ 113,945	\$ 525,443	\$ 38,765	\$ 233,602	\$ 2,882,947	\$ 328,671	\$ 185,379	\$ 3,396,997

See accountants' report to and notes to financial statements

NEWS
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

	Emergency Shelter	SAVS	Transitional Housing	Outreach & Education	KEDS	Crisis Intervention	Volunteers	Monarch Family Justice Center	Total Program	Management and General	Fundraising	Total
Compensation and Related Expenses												
Salaries and Wages	365,451	283,363	241,840	145,310	95,098	285,653	47,585	41,563	\$ 1,505,862	176,506	116,440	\$ 1,798,808
Payroll Taxes	29,427	22,817	19,473	11,701	7,657	23,001	3,832	3,347	121,255	14,213	9,376	144,843
Employee Benefits	40,558	31,448	26,839	16,127	10,554	31,702	5,281	4,613	167,121	19,589	12,923	199,632
Total Compensation and Related Expenses	435,436	337,628	288,153	173,137	113,309	340,356	56,697	49,522	1,794,238	210,307	138,739	2,143,284
Other Expenses												
Bank Charges	-	-	-	-	-	-	-	-	-	3,021	3,692	6,712
Communication	5,413	3,844	3,445	1,858	1,391	3,924	814	423	21,112	1,314	917	23,343
Depreciation	13,478	1,710	1,532	826	619	1,745	362	188	20,459	584	408	21,451
Dues and Subscriptions	2,850	2,264	-	-	-	-	-	400	5,513	1,971	-	7,485
Grants to Beneficiaries	43,435	50,312	188,622	237	-	43,519	-	-	326,125	-	-	326,125
Insurance	8,747	6,782	5,788	3,478	2,276	6,837	1,139	995	36,042	4,225	2,787	43,054
Licenses and Permits	1,188	112	-	-	-	-	190	-	1,490	60	-	1,550
Occupancy	14,321	25,217	22,594	12,184	9,127	25,737	5,339	2,775	117,292	8,617	6,018	131,927
Office Supplies	5,268	3,741	3,352	1,808	1,354	3,819	792	412	20,546	1,279	893	22,718
Printing and Reproduction	3,406	2,419	2,168	1,169	876	2,469	512	266	13,285	827	577	14,689
Professional Fees	6,707	12,590	5,644	5,652	-	136	-	-	30,728	26,152	-	56,881
Repairs and Maintenance	7,261	9,085	8,140	4,390	3,288	9,273	1,923	1,000	44,361	3,105	2,168	49,633
Staff Development and Training	7,657	6,692	3,425	1,743	-	1,688	1,090	(2,210)	20,085	9,302	-	29,387
Supplies	14,331	29,297	21,054	14,758	16,306	107	115	113	96,081	18,063	22,253	136,397
Travel: mileage, meals, travel	2,072	1,471	1,318	711	532	1,502	311	162	8,079	503	351	8,933
Total Other Expenses	136,132	155,536	267,082	48,813	35,769	100,754	12,588	4,524	761,198	79,021	40,064	880,283
TOTAL FUNCTIONAL EXPENSES	\$ 571,568	\$ 493,164	\$ 555,234	\$ 221,950	\$ 149,078	\$ 441,111	\$ 69,285	\$ 54,046	\$ 2,555,436	\$ 289,328	\$ 178,802	\$ 3,023,566

See accountants' report to and notes to financial statements

NEWS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - NATURE OF ACTIVITIES

NEWS is a nonprofit corporation, organized under the laws of the State of California. It is headquartered in Napa, California. NEWS believes that people affected by domestic violence (DV) and sexual abuse (SA) deserve safety, hope, healing and support to rebuild the future for themselves and their families. NEWS promotes safe communities through prevention, intervention, education and advocacy. NEWS operates an emergency shelter and provides a variety of services, among them a 24-hour crisis line, sexual assault victim's services, individual and group counseling services, Kids Exposed to Domestic Violence program (KEDS), court advocacy, a domestic violence response team, a sexual assault response team, transitional housing, and prevention outreach and education. NEWS is staffed by a diverse work force that represents our community. The diversity, equity, and inclusion of staff, volunteers, and board members are important to our credibility and effectiveness when serving our survivors. NEWS is supported primarily through grants from governmental agencies, private foundations, and by contributions from the general public.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. To insure observance of limitations and restrictions placed on the use of resources available, the Organization maintains its operating accounts by function and program in accordance with program contracts and as prescribed by the Office of Criminal Justice and Planning Grantee Handbook, and the Department of Health Services, Maternal and Child Health Guidelines.

Governmental Reporting Procedures

The Organization receives government grants that contain certain reporting requirements. The Office of Emergency Services contract requires that expenditures be reported on a monthly basis using prescribed forms. These reports are required in order for the Organization to be reimbursed for expenditures within contract guidelines. The Maternal and Child Health contract requires an annual report of program results in order to receive the final twenty percent of grant funds.

Cash and Equivalents

The Organization considers all highly-liquid financial instruments with original maturities of three months or less to be cash equivalents, except when a restriction is imposed which limits the investment's use to long-term. Cash held temporarily in the long-term investment portfolio (until suitable investments are identified) is excluded from cash and cash equivalents. Cash is held in demand accounts and certificates of deposits at various financial institutions, and cash balances may exceed the federally insured amounts during the year. Cash and equivalents include only funds that are not restricted by the donor.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over estimated useful lives of 5 to 30 years. Donated property is recorded at the estimated fair value at the date of receipt. It is the Organization's policy to capitalize property and equipment acquisitions that exceed \$1,500.

NEWS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

Grants and accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on grants and accounts receivable using the allowance method. The allowance is based on past loss experience, specific impaired balances, adverse situations that may affect the repayment, and current economic conditions. It is the Organization's policy to charge off uncollectible balances when management determines the receivable will not be collected.

Grants and accounts receivable arise primarily from contracts with governmental agencies which provide for reimbursement of expenditures within contract guidelines. Management believes that all grants and accounts receivable will be collected. Consequently, no provision for uncollectible accounts has been recorded in these financial statements.)

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets, current operating lease liabilities, and noncurrent operating lease liabilities in the Balance Sheet. Finance leases are included in property and equipment, current maturities of long-term liabilities, and long-term liabilities less current maturities in the Balance Sheet. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. The lease liability is measured as the present value of the unpaid lease payments, and the right-of-use asset value is derived from the calculation of the lease liability. Lease payments include fixed payments, variable payments based on an index or rate, reasonably certain purchase options, termination penalties, and probable amounts the lessee will owe under a residual value guarantee. Lease payments do not include (i) variable lease payments other than those that depend on an index or rate, (ii) any guarantee by the lessee of the lessor's debt, or (iii) any amount allocated to non-lease components, if such election is made upon adoption, per the provisions of the New Lease Standard. The Organization uses a risk-free rate of return as the discount rate when the implicit rate is not known. The risk-free rate is obtained from the U.S. Treasury Daily Par Yield rate table which is based upon various periods of time. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization combines lease and nonlease components for all asset groups. The Organization's lease term includes any option to extend the lease when it is reasonably certain to be exercised based on considering all relevant economic factors.

Investments

Investments, which include equity securities, government securities and other investments, are carried at fair market value. Unrealized gains and losses are included in the statement of activities.

Revenue Recognition

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Materials, Facilities and Services

The fair market value of donated materials, facilities and services requiring specialized skills are recognized in the financial statements as revenue, with corresponding expenses allocated to the related program or activity. The value of volunteers' contributed time is not reflected in the financial statements.

Functional Allocation of Expenses

Identifiable program costs are charged directly to each respective program. Personnel costs are allocated to programs based upon the estimated level of staff involvement. Support expenses include general and administrative expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

Subsequent Events

Management has evaluated all events and transactions that occurred after June 30, 2023 up through October 18, 2023, the date these financial statements were available to be issued. During this period the Organization did not have any significant recognizable or unrecognizable subsequent events.

Income Tax Status

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no taxes have been provided for in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified by the Internal Revenue Service as other than a private foundation under Section 509(a)(1).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions which affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

NOTE 3 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Organization operates in a heavily regulated environment. The operations of the organization are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including but not limited to, the California Governor's Office of Emergency Services (Cal OES) and the United States Department of Justice (DOJ). Such administrative directives, rules, and regulations are subject to change by an act of the legislature or an administrative change mandated by Cal OES or DOJ. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NEWS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 4 - FAIR VALUE MEASUREMENTS

The fair value measurement guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into three levels:

Level 1 - Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 - Includes data points that are observable such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) such as interest rates and yield curves that are observable for the asset and liability, either directly or indirectly.

Level 3 - Inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments. All methods below use Level 1 inputs unless otherwise noted:

Investments - Investments are carried at market value. Fair values are based on quoted market prices.

The following table presents the Organization's financial assets measured at fair value on a recurring basis:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
June 30, 2023				
Assets:				
Investments	\$ 966,769	\$ -	\$ -	\$ 966,769
June 30, 2022				
Assets:				
Investments	\$ 906,697	\$ -	\$ -	\$ 906,697

NEWS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 5 - PROGRAMS AND ACTIVITIES

24/7 Help Line and Emergency Shelter

The NEWS Emergency Shelter is a safe, confidential four-bedroom home located in a residential neighborhood. It has a beautiful kitchen, private bedrooms and bathrooms, indoor and outdoor play areas for children, and a cozy family room where clients can relax and hold family meetings. There is also a two bedroom one bath modular home located on site. The modular home offers private space for male survivors of domestic violence as well as other clients who may not be comfortable in a communal living situation. NEWS Domestic Violence/Sexual Assault Counselors are available on site 24 hours a day 7 days a week. Staff support clients in developing case plans based on goals survivors set for themselves. There are a total of 20 available beds in the Safe House. During FY22/23, NEWS Shelter staff fielded 2,940 Help Line calls, and housed 42 adults and 40 children who needed to escape violence and have a safe place to stay.

Housing Program:

Domestic Violence can lead to homelessness or unstable housing. The NEWS Housing and Self-Sufficiency program is based on the "DV Housing First" model, meaning that assistance finding new and stable housing begins as soon as possible once someone has become homeless. NEWS provides assistance with housing location, helps with locating and applying for financial resources, engages and educates landlords, provides mobile advocacy, facilitates moving, and provides financial assistance for home furnishings. The program also offers direct funding for rental assistance and ongoing case management, support services, and referrals. In FY22/23, NEWS provided housing services to 150 clients; approximately 81% of clients receiving housing assistance, advocacy, and case management were able to gain or maintain stabilized housing.

Sexual Assault Victim Services (SAVS)

The SAVS Program is the only Rape Crisis Center serving Napa County. The program provides 24-hour immediate response and supportive services to adults and children, and their supportive family members, who have experienced sexual assault. Sexual Assault Advocates provide ongoing support throughout the criminal justice system, assistance with filing for Victim of Crime Compensation, connections to individual counseling and support groups, and referrals to partner agencies across our community. In FY22/23, SAVS supported 271 individuals, of which, 45% were children.

Outreach, Education and Prevention:

NEWS is dedicated to the prevention of sexual abuse and domestic violence through education and awareness. Prevention services include:

- Youth Matter Program provides "Healthy Relationships" workshops in high schools and middleschools throughout the Valley along with individualized "Healthy Relationships Coaching" with walk-in office hours at several high schools and middle schools.

NEWS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 5 - PROGRAMS AND ACTIVITIES (continued)

Outreach, Education and Prevention: (continued)

- Kids Exposed to Domestic Violence (KEDS) is an important part of our Outreach and Educational activities. The KEDS program assists families with children who have been exposed to violence at home. Children are assessed and are offered resources to build protective factors and reduce risk factors for future adverse effects as a result of exposure to violence. Follow up and support is offered to non-offending parents to assist in children's individualized case plan. Parents receive education and information on how they can build protective factors for their children, and children may participate in NEWS weekly support groups where a curriculum is offered to help build safety and self-esteem while doing fun and creative activities.
- Volunteer Programming NEWS trains a cadre of volunteers to serve as 24-hour first responders to a domestic violence case at the site of the incident and a sexual assault case at the hospital. NEWS conducts an annual 65 hour training for new staff and volunteers, as well as monthly "in-service" workshops that highlight community resources, issue areas, and best practices for the volunteers to keep in mind during their work with NEWS
- Outreach and Prevention Education, which is led by the Outreach and Volunteer Coordinator. The Coordinator organizes in opportunities for NEWS to participate in public-facing awareness-building events, including fairs, workshops, and information sessions in order to increase knowledge within our community of NEWS services available and how people can get involved.
- Outreach to the Diverse Community of American Canyon has been a priority for NEWS this fiscal year. We received funding from Cal OES to bolster our capacity to support DV/SA survivors from the diverse community of American Canyon. We recognize that American Canyon is a unique community in Napa County. American Canyon is geographically isolated from Napa and is the most racially diverse city in the county. The grant began in January 2023 for a five year period; during the first year, NEWS leadership has reached out to our business, law enforcement, and community connections to listen and understand the barriers that DV/SA survivors from American Canyon may face when accessing services in Napa County. NEWS serves all DV/SA survivors in Napa County, and we know we have more work to do to become a trusted partner in American Canyon.

Crisis Intervention:

NEWS' Crisis Intervention Services combines key programs to help survivors navigate the valuable services available to them during the crisis phase of victimization. It is the gateway program for NEWS' wrap around services. The focus of this program is to provide crisis intervention and safety planning, and meet immediate needs, including food, clothing, and shelter. The Crisis Intervention component of NEWS includes strong collaboration with law enforcement through our co-location at MJC, and includes trauma informed work with survivors who have co-occurring domestic violence, drug and/or alcohol dependency issues.

These services use trauma informed practices and intensive case management to help survivors discover triggers and coping skills to guide them to safety and support. There is a strong emphasis on working toward successful connections to resources that support their recovery and healing.

NEWS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 5 - PROGRAMS AND ACTIVITIES (continued)

Crisis Intervention: (continued)

- *The Court Advocacy Program* provides help with the process of filing for protective orders and providing advocacy to victims of domestic violence. NEWS Court Advocates work together with clients to find resources pertaining to child custody, visitation, and civil issues related to abuse. NEWS Court Advocates are co-located at the MJC.
- *The Napa Police Department (NPD) Liaison Program* funds a full time NEWS DV Advocate that is co-located on site at the Monarch Justice Center. The DV Advocate works in collaboration with the dedicated NPD DV Detective to ensure a coordinated response to DV incidents. The NEWS Advocate and NPD review incident reports and provide follow up in-person where ever possible. NEWS coordinates its 24-hour immediate response team with the NPD to provide emergency crisis response to the scene of DV incidents.

Monarch Family Justice Center

NEWS' continued its collaboration with local agencies as part of Napa County's family justice center model, the Monarch Justice Center (MJC). Core partners include the Napa County District Attorney's Office and the Victim Services Division and the City of Napa Police Department. NEWS and MJC partners continue to self-fund a small number of service staff who are co-located in the building. Co-location of service staff facilitates coordination across agencies and streamlines service delivery to clients in need. NEWS and its partners are committed to pursuing sustainable funding to support the operations of the MJC in order to expand the number of partner organizations and potential locations available to community members to receive services.

Fundraising

Fundraising expense includes the Organization's efforts to obtain grants from governmental agencies and private foundations, and solicit contributions from the local community.

Management and General

Management and general includes the functions necessary to coordinate and articulate the Organization's program strategy, maintain competent professional services for the administration of the Organization, and manage the financial and budgetary responsibilities of the Organization.

NOTE 6 - CONCENTRATIONS

The Organization's cash and equivalents are held at a financial institution. The Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000. At June 30, 2023, there were no balances of uninsured cash and equivalents.

The Organization received approximately 51% of its total support from three funding agencies in 2023 and approximately 45% of its total support from these funding agencies in 2022.

NEWS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 7 - PROPERTY AND EQUIPMENT

	<u>2023</u>	<u>2022</u>
Land	\$ 50,336	\$ 50,336
Emergency Shelter	572,878	572,878
Furniture and Equipment	93,377	93,377
Vehicles	5,000	5,000
Total Property and Equipment	<u>721,591</u>	<u>721,591</u>
Less Accumulated Depreciation	<u>(346,671)</u>	<u>(325,905)</u>
Net Property and Equipment	<u>\$ 374,920</u>	<u>\$ 395,686</u>
Depreciation Expense	<u>\$ 20,766</u>	<u>\$ 21,451</u>

The Organization's emergency shelter was acquired partly with funds provided by the City of Napa under an agreement that contained restrictions. See Note 9.

NOTE 8 - INVESTMENTS

Long-term investments are reported at fair market value, as determined by quoted market prices.

June 30, 2023

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Appreciation</u>
Equity Securities	\$ 850,067	\$ 966,769	\$ 116,702

June 30, 2022

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Appreciation</u>
Equity Securities	\$ 865,787	\$ 906,697	\$ 40,910

NOTE 9 - NOTE PAYABLE

The Organization is obligated under a note payable in the amount of \$114,014 to the City of Napa that is secured by a deed of trust on the Organization's emergency shelter. The note does not bear interest but shall be due if the shelter is sold or no longer used as a public facility for providing transitional shelter for battered women and their children. If the shelter is sold, the Organization will be liable for the face amount of the note plus 45 percent of the sale price in excess of \$252,100.

NEWS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 10 - BOARD DESIGNATED NET ASSETS

The Organization's board of directors has established a policy by which it evaluates the amount of the Organization's net assets available to sustain its mission and a board designated fund to maintain adequate reserves. Net assets are needed to fund programs in the event that the receipt of grant monies are delayed, fundraising efforts are less than expected or a program temporarily loses funding. Since several of the Organization's primary programs are heavily dependent upon grants from governmental agencies, the Board has decided that the Organization's net assets without donor restrictions should be sufficient to provide six months of operating expenses, one year of fundraising support and avoid the necessity of selling any operating assets. Resources designated by the board for this purpose are considered to be without donor restrictions, as the designation is self-imposed. The amount of this board designated fund totaled \$2,030,000 at June 30, 2023 and \$1,810,000 June 30, 2022. The balance of the Organization's net assets without donor restrictions are not designated for any specific purpose.

NOTE 11 - RETIREMENT PLAN

The Organization has adopted a defined contribution pension plan under section 401(k) of the Internal Revenue Code that covers all employees who have been employed at least three months and are at least twenty-one years of age. Voluntary employee contributions to the plan may be matched by the Organization at its discretion. The Organization may also make a discretionary contribution to the accounts of all qualified employees. The Organization made discretionary contributions of \$17,828 in 2023 and \$13,765 in 2022 and no matching contributions in either year.

NOTE 12 - DONATED MATERIALS, FACILITIES AND SERVICES

The following amounts of donated materials, facilities and services, totaled by function, were received by the Organization from its landlord, vendors and professionals and are included as revenues and expenses in the financial statements. Donated facilities include the rental of the Organization's headquarters building. Donated services includes accounting fees relating to the preparation of the Organization's financial statements and federal and state tax reporting forms. The value of services provided by individual volunteers is not included.

	<u>2023</u>	<u>2022</u>
Headquarters Rent	\$ 53,880	\$ 61,392

NOTE 13 - LEASES

The Company adopted the provisions of the New Lease Standard effective July 1, 2022, using the modified retrospective adoption method, utilizing the simplified transition option available in the New Lease Standard, which allows entities to continue to apply the legacy guidance in ASC 840, including its disclosure requirements, in the comparative periods presented in the year of adoption. The Company elected the package of practical expedients available under the transition provisions of the New Lease Standard, including (i) not reassessing whether expired or existing contracts contain leases, (ii) not reassessing lease classification, and (iii) not revaluing initial direct costs for existing leases. The Company primarily leases office space.

NEWS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 13 - LEASES (continued)

A summary of lease right-of-use assets and liabilities are as follows:

	<u>Financial Position Classification</u>	<u>2023</u>
<u>Assets</u>		
Operating Lease	Other Assets	\$ 102,761
<u>Liabilities</u>		
<u>Current:</u>		
Operating Lease	Current Portion of Right-of-Use Operating Lease Liability	\$ 51,806
<u>Non-Current:</u>		
Operating Lease	Long-Term Liabilities	53,302
Total Lease Liabilities		<u>\$ 105,108</u>
 Lease Expense		
		<u>2023</u>
Operating lease expense		\$ 52,827
 Other Information		
Operating cash flows from operating leases		\$ 50,480
Right-of-use assets obtained in exchange for new operating lease liabilities		\$ 151,969
Weighted-average remaining lease term in years for operating leases		2.00
Weighted-average discount rate for operating leases		2.85 %
 Maturity Analysis		
		<u>Operating</u>
2024		\$ 54,000
2025		54,000
Total undiscounted cash flows		108,000
Less: present value discount		(2,892)
Total lease liabilities		<u>\$ 105,108</u>

Operating Leases

The Organization leases office space under an operating agreements that expires in June 2025. The space is leased from a local nonprofit organization that provides the facility at a below-market rate. Annual rent is charged based upon NEWS' share of common area maintenance. Total rent expense paid in cash under this lease was \$52,827 in 2023 and \$48,720 in 2022.

NEWS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are primarily invested in mutual funds.

The following table reflects the Organization's financial assets as of June 30, 2023 and 2022. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions

	<u>2023</u>	<u>2022</u>
Cash and Equivalents	\$ 1,340,772	\$ 948,490
Receivables	443,311	410,813
Financial Assets, at Year End	<u>1,784,083</u>	<u>1,359,303</u>
Less those unavailable for general expenditures within one year, due to:		
Donor restrictions	<u>(218,147)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 1,565,936</u></u>	<u><u>\$ 1,359,303</u></u>

**Notes to Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2023**

Federal/Pass Through Agency	CFDA Number	Pass Through Entity/Grant Identifying Number	Total Federal Expenditures
		055-90500/	
Department of Justice (DOJ)	16.575	2020-V2-GX-0031	257,295
Victims of Crime Act 2018 - Cal OES XD	16.575	15OVC-21-GG-00613-ASSI	52,200
Subtotal Cal OES XD			<u>309,495</u>
Victims of Crime Act 2017 - Cal OES DV		055-90500/	
	16.575	15OVC-21-GG-00613-ASSI	181,707
	16.575	2020-V2-GX-0031	99,893
Subtotal Cal OES DV			<u>281,600</u>
Victims of Crime Act 2018 - Cal OES RC		055-90500/	
	16.575	2020-V2-GX-0031	132,083
	16.575	15POVC-21-GG-00613-ASSI	312,118
Subtotal Cal OES RC			<u>444,201</u>
Federal Trust - Cal OES UV		055-90500/	
	16.575	2020-V2-GX-0031	68,910
	16.575	15POVC-21-GG-00613-ASSI	11,224
Subtotal Cal OES UV			<u>80,134</u>
Subtotal 16.575			<u>1,115,430</u>
Victims of Crime Act 2018 - Cal OES RC	93.497	2201CAFSC6	18,556
Victims of Crime Act 2017 - Cal OES DV	93.671	2101CAVPS	64,269
Federal Trust - Cal OES FD	93.671	2101CAVPS	108,692
Subtotal 93.671			<u>172,961</u>
Office on Violence Against Women - OVW	16.590	15JOVW-21 2021-GG-02007-JCJR	109,808
Violence Against Women Act - Cal OES FD Formula Grant	16.588	15JOVW-21-GG-00554-STOP	57,086
Violence Against Women Act - Cal OES Formula Grant	16.588	NPD-LE17 01 7400	69,306
Subtotal 16.588			<u>126,392</u>
DOJ Subtotal			<u><u>1,543,147</u></u>
Department of Housing and Urban Development (HUD)			
HUD - Community Development Block grants - CDBG (#C2023 005)	14.218	B-20-MW-06-0028	24,885
HUD - Community Development Block grants/Entitlement grants (#C2020 136)	14.218	B-20-MW-06-0028	19,855
HUD - Community Development Block grants/Entitlement grants (#C2021 177)	14.218	B-20-MW-06-0028	38,791
HUD Subtotal			<u>83,531</u>
Department of Homeland Security - Emergency Food and Shelter National Board Program Phase 39	97.024	39-078000-007	7,500
FEMA/UWBA Rental assist funds Phase 39: \$22,783	97.024	39-078000-007	22,783
DHS Subtotal			<u>30,283</u>
			<u><u>\$ 1,656,961</u></u>

NEWS
Notes to Schedule of Expenditures of Federal
Awards For the Year ended June 30, 2023

NOTE A — Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of NEWS and is presented on the accrual basis of accounting. The Information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B — Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

NOTE C — 10% De Minimis

The Organization did elect to use the 10% De Minimis rate.



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
NEWS
Napa, 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 NEWS (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 1, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered NEWS's internal control over financial reporting (internal control) as a basis for designing 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 NEWS's internal control. Accordingly, we do not express an opinion on the effectiveness of NEWS'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 NEWS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control

or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Coughlan Napa CPA Company, Inc.

Coughlan Napa CPA Company, Inc.

November 1, 2023



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

Board of Directors
NEWS
Napa, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited NEWS's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of NEWS's major federal programs for the year ended June 30, 2023. NEWS'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, NEWS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of NEWS 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 NEWS's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to NEWS'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 NEWS's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about NEWS's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding NEWS'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 NEWS'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 NEWS's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Coughlan Napa CPA Company, Inc.

Coughlan Napa CPA Company, Inc.

November 1, 2023

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

SUMMARY OF AUDIT RESULTS

1. The auditor's report on the financial statements of NEWS is unqualified.
2. No material weakness relating to the audit of the financial statements of NEWS were disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements of NEWS were disclosed during the audit.
4. No instances of noncompliance material to the financial statements of NEWS were disclosed during the audit.
5. No material weakness relating to the audit of the major federal award programs were disclosed during the audit.
6. No significant deficiencies relating to the audit of the major federal award programs were disclosed during the audit.
7. The auditor's report on compliance for the major federal award program for NEWS expresses an unqualified opinion on the major federal program.
8. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
9. The program tested as a major program was 16.575 - CFDA Number, Department of Justice. pass through from Cal OES.
10. The threshold for distinguishing Types A and B Programs was \$750,000.
11. NEWS did qualify as a low-risk auditee.

FINDINGS-FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None