

**METROPOLITAN AREA ADVISORY COMMITTEE
ON ANTI-POVERTY OF SAN DIEGO, INC.
AND AFFILIATES**
(A NONPROFIT CALIFORNIA CORPORATION)
CONSOLIDATED FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2021 AND 2020



**METROPOLITAN AREA ADVISORY COMMITTEE
ON ANTI-POVERTY OF SAN DIEGO, INC. AND AFFILIATES**
(A NONPROFIT CALIFORNIA CORPORATION)
CONSOLIDATED FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2021 AND 2020
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Metropolitan Area Advisory Committee on
Anti-Poverty of San Diego, Inc. and Affiliates:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Metropolitan Area Advisory Committee on Anti-Poverty of San Diego, Inc. (a nonprofit organization) and Affiliates (limited partnerships), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Metropolitan Area Advisory Committee on Anti-Poverty of San Diego, Inc. as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Metropolitan Area Advisory Committee on Anti-Poverty of San Diego, Inc. 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Metropolitan Area Advisory Committee on Anti-Poverty of San Diego, Inc.'s ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Metropolitan Area Advisory Committee on Anti-Poverty of San Diego, Inc.'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Metropolitan Area Advisory Committee on Anti-Poverty of San Diego, Inc.'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 audits, significant audits findings, and certain internal control-related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Schedules I and II is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual properties, and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards (Schedule III) is 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 also not a required part of the consolidated financial statements. The accompanying supplementary information presented on pages 36-41 is presented for purposes of additional analysis as required by the California Department of Community Services and Development Programs and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2022, on our consideration of Metropolitan Area Advisory Committee on Anti-Poverty of San Diego, Inc. and Affiliates' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Metropolitan Area Advisory Committee on Anti-Poverty of San Diego, Inc.'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 Metropolitan Area Advisory Committee on Anti-Poverty of San Diego, Inc. and Affiliates' internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Holt House Carlin & Van Tine LLP". The signature is written in a cursive, flowing style.

Westlake Village, California
June 9, 2022

METROPOLITAN AREA ADVISORY COMMITTEE AND AFFILIATES

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,763,039	\$ 9,830,311
Accounts receivable, net of allowance for doubtful accounts of \$73,554 and \$30,436	3,712,398	4,697,751
Restricted cash	1,000,000	42,404,360
Prepaid expenses	648,735	725,203
Other current assets	248,562	246,317
Total current assets	14,372,734	57,903,942
Other assets:		
Rental property, net of accumulated depreciation	95,948,776	84,162,381
Property and equipment, net of accumulated depreciation	19,723,256	20,191,487
Investment in joint ventures and other entities	1,523,138	1,610,812
Due from related parties	17,945	17,945
Other long-term receivables	62,774	62,774
Restricted cash	4,009,830	3,856,107
Deferred costs	145,835	147,799
Deposits and other assets	142,488	148,045
Total assets	\$ 135,946,776	\$ 168,101,292
Liabilities and Net Assets (Deficit)		
Current liabilities:		
Accounts payable and accrued expenses	\$ 5,122,403	\$ 5,968,876
Current portion of accrued interest payable	248,134	315,262
Current portion of notes payable	5,689,875	44,033,370
Deferred revenues	665,828	529,624
Total current liabilities	11,726,240	50,847,132
Deferred ground lease payable	1,717,155	1,589,282
Accrued interest payable, net of current portion	7,909,591	7,888,876
Notes payable, net of current portion and unamortized debt issuance costs	75,531,354	73,793,199
Due to related parties	22,839	31,075
Other liabilities	699,197	881,527
Total liabilities	97,606,376	135,031,091
Commitments and contingencies		
Net assets (deficit):		
Without donor restrictions:		
Undesignated	24,664,157	17,042,836
Noncontrolling interest in Affiliates	12,897,515	15,510,382
With donor restrictions	778,728	516,983
Total net assets (deficit)	38,340,400	33,070,201
Total liabilities and net assets (deficit)	\$ 135,946,776	\$ 168,101,292

See accompanying notes to consolidated financial statements.

METROPOLITAN AREA ADVISORY COMMITTEE AND AFFILIATES

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31,

2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contract revenue	\$ 40,858,655	\$ -	\$ 40,858,655
Contributions	143,040	916,031	1,059,071
Program service fees	1,379,929	-	1,379,929
Contractual services	3,036,481	-	3,036,481
Charter school - state aid, grants and donations	3,949,897	-	3,949,897
Rents and tenants fees - real estate	9,945,190	-	9,945,190
Equity in earnings of joint ventures	162,079	-	162,079
Forgiveness of debt - PPP Loan	3,500,000	-	3,500,000
Other revenue	207,544	-	207,544
Interest income	355,889	-	355,889
Net assets released from restrictions, satisfaction of program restrictions	654,286	(654,286)	-
Total revenue and support	64,192,990	261,745	64,454,735
Expenses:			
Program services:			
Child development	31,207,445	-	31,207,445
Community services	6,836,667	-	6,836,667
Charter high school	3,389,852	-	3,389,852
Housing and other real estate	11,970,875	-	11,970,875
Total program services	53,404,839	-	53,404,839
Supporting services:			
Management and general	5,898,794	-	5,898,794
Fundraising and development	161,482	-	161,482
Total supporting services	6,060,276	-	6,060,276
Total expenses	59,465,115	-	59,465,115
Total change in net assets	\$ 4,727,875	\$ 261,745	\$ 4,989,620

See accompanying notes to consolidated financial statements.

METROPOLITAN AREA ADVISORY COMMITTEE AND AFFILIATES

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31,

2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contract revenue	\$ 35,941,636	\$ -	\$ 35,941,636
Contributions	302,417	478,267	780,684
Program service fees	1,005,788	-	1,005,788
Contractual services	3,829,627	-	3,829,627
Charter school - state aid, grants and donations	3,106,866	-	3,106,866
Rents and tenants fees - real estate	9,475,098	-	9,475,098
Equity in earnings of joint ventures	162,079	-	162,079
Other revenue	351,445	-	351,445
Interest income	799,668	-	799,668
Net assets released from restrictions, satisfaction of program restrictions	320,588	(320,588)	-
Total revenue and support	55,295,212	157,679	55,452,891
Expenses:			
Program services:			
Child development	28,918,257	-	28,918,257
Community services	6,904,525	-	6,904,525
Charter high school	3,149,534	-	3,149,534
Housing and other real estate	11,980,578	-	11,980,578
Total program services	50,952,894	-	50,952,894
Supporting services			
Management and general	5,115,227	-	5,115,227
Fundraising and development	394,034	-	394,034
Total supporting services	5,509,261	-	5,509,261
Total expenses	56,462,155	-	56,462,155
Total change in net assets	\$ (1,166,943)	\$ 157,679	\$ (1,009,264)

See accompanying notes to consolidated financial statements.

METROPOLITAN AREA ADVISORY COMMITTEE AND AFFILIATES

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31,

2021

	Program Services				Supporting Activities		Total
	Child Development	Community Services	Charter High School	Housing and other Real Estate	Management and General	Fundraising and Development	
Salaries and wages	\$ 13,808,001	\$ 3,136,702	\$ 1,668,896	\$ 1,557,175	\$ 2,697,904	\$ 85,845	\$ 22,954,523
Payroll taxes and benefits	4,563,038	872,470	492,923	459,536	586,558	9,721	6,984,246
Temporary staffing	522,514	13,055	-	4,683	13,404	-	553,656
Childcare expenses	4,082,369	170	-	-	-	-	4,082,539
Non-personnel in-kind (miscellaneous supplies)	2,096,983	31,200	-	-	-	-	2,128,183
Consultants and sub-contractors	181,718	576,330	201,935	103,416	1,049,290	13,787	2,126,476
Maintenance and repairs	324,600	129,715	86,995	1,097,264	66,782	528	1,705,884
Utilities	276,708	77,547	81,155	1,146,841	27,860	414	1,610,525
Space rental, net of sub-lease rental revenue	857,061	251,588	664	127,873	5,845	-	1,243,031
Other expenses	136,583	330,656	142,469	338,180	300,632	36,441	1,284,961
Telephone	334,028	91,500	35,366	117,912	91,960	3,125	673,891
Janitorial and cleaning	641,506	62,246	7,193	62,195	29,184	371	802,695
Travel and transportation	363,125	98,527	27,377	29,130	78,370	3,396	599,925
Food and nutrition	628,490	112,503	-	-	-	-	740,993
Supplies	1,122,057	702,889	239,907	72,447	101,987	4,761	2,244,048
Insurance and property taxes	276,767	72,754	59,527	494,927	32,106	773	936,854
Accounting and legal	24,802	5,766	75,343	150,189	639,506	-	895,606
Special events	-	-	-	-	56,023	-	56,023
Interest	163,350	22,647	59,020	3,199,066	25,263	703	3,470,049
Depreciation and amortization	803,745	248,402	211,082	3,010,041	96,120	1,617	4,371,007
	\$ 31,207,445	\$ 6,836,667	\$ 3,389,852	\$ 11,970,875	\$ 5,898,794	\$ 161,482	\$ 59,465,115

See accompanying notes to consolidated financial statements.

METROPOLITAN AREA ADVISORY COMMITTEE AND AFFILIATES

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31,

2020

	Program Services				Supporting Activities		Total
	Child Development	Community Services	Charter High School	Housing and other Real Estate	Management and General	Fundraising and Development	
Salaries and wages	\$ 12,029,974	\$ 3,158,322	\$ 1,684,016	\$ 1,589,531	\$ 2,333,118	\$ 281,162	\$ 21,076,123
Payroll taxes and benefits	4,083,786	918,450	519,691	510,400	542,341	51,281	6,625,949
Temporary staffing	490,716	3,662	-	35,008	1,928	-	531,314
Childcare expenses	4,387,499	-	-	-	-	-	4,387,499
Non-personnel in-kind (miscellaneous supplies)	2,632,688	-	-	-	-	-	2,632,688
Consultants and sub-contractors	122,224	686,723	134,553	80,597	1,105,819	11,279	2,141,195
Maintenance and repairs	234,231	127,780	61,829	1,281,587	29,400	466	1,735,293
Utilities	238,052	81,037	77,777	1,162,850	25,542	-	1,585,258
Space rental, net of sub-lease rental revenue	932,654	172,846	-	128,073	10,948	-	1,244,521
Other expenses	160,567	421,840	106,657	282,641	273,239	34,721	1,279,665
Telephone	324,925	102,660	34,130	118,272	69,531	2,837	652,355
Janitorial and cleaning	548,780	77,550	5,296	44,343	31,921	-	707,890
Travel and transportation	285,130	125,593	32,910	25,348	91,635	2,668	563,284
Food and nutrition	746,155	97,037	23	-	-	-	843,215
Supplies	725,639	571,719	113,857	116,894	99,913	8,640	1,636,662
Insurance and property taxes	213,830	56,720	63,866	505,206	20,275	980	860,877
Accounting and legal	1,000	3,865	53,883	122,325	353,684	-	534,757
Special events	-	8,145	-	35,000	31,264	-	74,409
Interest	141,700	32,086	64,392	3,187,694	41,368	-	3,467,240
Depreciation and amortization	618,707	258,490	196,654	2,754,809	53,301	-	3,881,961
	\$ 28,918,257	\$ 6,904,525	\$ 3,149,534	\$ 11,980,578	\$ 5,115,227	\$ 394,034	\$ 56,462,155

See accompanying notes to consolidated financial statements.

METROPOLITAN AREA ADVISORY COMMITTEE AND AFFILIATES

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	Without Donor Restrictions						With Donor Restrictions	Total
	General	Controlling Interests in Affiliates	Total	Noncontrolling Interests in Affiliates				
Balance, December 31, 2019	\$ 15,538,083	\$ -	\$ 15,538,083	\$ 12,182,077	\$ 359,304	\$ 28,079,464		
Change in net assets	1,504,753	-	1,504,753	(2,671,695)	157,679	(1,009,263)		
Contributions	-	-	-	6,000,000	-	6,000,000		
Balance, December 31, 2020	17,042,836	-	17,042,836	15,510,382	516,983	33,070,201		
Change in net assets	7,621,321	-	7,621,321	(2,893,446)	261,745	4,989,620		
Syndication costs	-	-	-	(113,587)	-	(113,587)		
Contributions	-	-	-	394,166	-	394,166		
Balance, December 31, 2021	\$ 24,664,157	\$ -	\$ 24,664,157	\$ 12,897,515	\$ 778,728	\$ 38,340,400		

See accompanying notes to consolidated financial statements.

METROPOLITAN AREA ADVISORY COMMITTEE AND AFFILIATES

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 4,989,620	\$ (1,009,264)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	4,350,867	3,868,279
Amortization	20,141	18,475
Amortization of deferred ground lease payable	67,873	67,873
Amortization debt issuance costs	173,733	169,281
Equity in earnings of joint ventures	(162,079)	(116,411)
Forgiveness of debt - PPP loan	(3,500,000)	-
Changes in operating assets and liabilities:		
Accounts receivable	985,353	(1,316,288)
Prepaid expenses	76,468	(125,119)
Other current assets	3,312	770,675
Accounts payable and accrued expenses	(1,102,635)	(814,449)
Accrued interest payable	558,729	723,708
Deferred revenues	136,204	12,652
Deferred ground lease payable	60,000	60,000
Due to related parties	(8,236)	15,450
Other liabilities	(182,330)	(33,216)
Net cash provided by operating activities	6,467,020	2,291,646
Cash flows from investing activities:		
Expenditures for rental property, property and equipment	(15,316,769)	(19,490,057)
Proceeds from (investments in) San Diego County Investment Pool	249,753	(792,297)
Net cash used in investing activities	(15,067,016)	(20,282,354)
Cash flows from financing activities:		
Expenditures for deferred costs	(18,177)	-
Expenditures for syndication costs	(113,587)	-
Expenditures for debt issuance costs	(610,732)	(151,792)
Payments of notes payable	(44,072,433)	(1,103,516)
Proceeds from notes payable	10,702,850	19,579,899
Contributions from noncontrolling interests	394,166	6,000,000
Net cash provided by (used in) financing activities	(33,717,913)	24,324,591
Net change in cash, cash equivalents and restricted cash	(42,317,909)	6,333,883
Cash, cash equivalents, and restricted cash, beginning of year	56,090,777	49,756,894
Cash, cash equivalents, and restricted cash, end of year	\$ 13,772,868	\$ 56,090,777

See accompanying notes to consolidated financial statements.

METROPOLITAN AREA ADVISORY COMMITTEE AND AFFILIATES

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, **2021** **2020**

Supplemental disclosure of cash flow information:

Cash paid for interest, net of \$1,343,613 and \$635,481 of
capitalized interest in 2021 and 2020, respectively

\$ 2,737,587 \$ 2,595,148

Cash paid for taxes

\$ 31,599 \$ 31,599

Supplemental disclosure of non-cash investing and financing activities:

Accrued construction costs

\$ 1,104,502 \$ 848,340

Accrued interest added to principal

\$ 605,142 \$ -

Cash, cash equivalents, and restricted cash is as follows:

Cash and cash equivalents

\$ 8,763,039 \$ 9,830,311

Restricted Cash

5,009,830 46,260,467

Cash, cash equivalents and restricted cash

\$ 13,772,869 \$ 56,090,778

See accompanying notes to consolidated financial statements.

METROPOLITAN AREA ADVISORY COMMITTEE ON ANTI-POVERTY OF SAN DIEGO, INC. AND AFFILIATES

(A NONPROFIT CALIFORNIA CORPORATION)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities The Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County, Incorporated (Metropolitan Area Advisory Committee or MAAC) is a California nonprofit corporation organized to provide an extensive network of services to the residents of San Diego County. MAAC offers various programs to meet a variety of social, economic, and health needs for low income people, and is supported primarily through federal, state and county award programs.

MAAC wholly owns or controls and operates:

- Mercado Apartments – a 144 unit apartment complex located in the City of San Diego, San Diego County, California, consisting of affordable rental housing.
- Carlsbad Laurel Tree Apartments – a 138 unit apartment project located in Carlsbad, San Diego County, California, consisting of affordable rental housing.
- MAAC Community Center - a 73,000 square foot property located in Chula Vista, San Diego County, California, which is used for a Charter High School and various programs.
- Vale Terrace – a 29,000 square foot property located in Vista, San Diego County, California which is used for Head Start and other child development services.
- Gosnell Center - a 7,000 square foot property located in San Marcos, San Diego County, California which is used for Head Start and preschool programs.
- San Martin De Porres Apartments - a 116 unit apartment project in the City of Spring Valley, San Diego County, California, consisting of affordable rental housing.
- MAAC National City LLC – Land held in National City (the National City Project), California, to be developed into a 400 unit affordable rental housing project. Construction is expected to commence in 2022.
- MAAC Ivy LLC - Land held in Escondido (the Ivy Project), California, to be developed into a 127 unit affordable rental housing project. Construction is expected to commence in 2022.
- MAAC Ascencia MGP, LLC - Land held in Escondido (the Ascencia Project), California, to be developed into a 180 unit affordable rental housing project. Construction is expected to commence in 2023.

MAAC is the controlling general partner of four limited partnerships (the Affiliates) that are invested in residential apartment complexes that do or are expected to qualify for low income housing tax credits (LIHTC) under Section 42 of the Internal Revenue Code and rent to qualified low income tenants. MAAC's ownership interest in each limited partnership is 0.1% or less. A description of the Affiliates is as follows:

- Seniors on Broadway Limited Partnership, a California limited partnership (Seniors on Broadway), owns and manages a 42 unit apartment project in the City of Chula Vista, County of San Diego, California, consisting of affordable rental housing.
- 5471 Bayview Heights, L.P. (Bayview), a California limited partnership, owns and manages a 300 unit apartment project (Hillside Views Apartments) in the City of San Diego, San Diego County, California, consisting of affordable rental housing. As of December 31, 2020, the rehabilitation of the Hillside Views Apartments was complete.
- 4132 Beyer, L.P. a California limited partnership, owns land and is developing a 100 unit affordable housing project in the San Ysidro area of the City of San Diego, California. Construction is expected to commence in September 2022.

METROPOLITAN AREA ADVISORY COMMITTEE ON ANTI-POVERTY OF SAN DIEGO, INC. AND AFFILIATES

(A NONPROFIT CALIFORNIA CORPORATION)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

- Villa Lakeshore 2020 LP, a California Limited Partnership (Villa Lakeshore), owns and manages a 34 unit apartment project in the City of Lakeside, San Diego County, California, consisting of affordable rental housing. In January 2021, the partnership purchased the project from MAAC.

Description of Programs MAAC Head Start, Early Head Start, Charter High School, and State Preschool programs are family-centered and community-based, delivering comprehensive child development services which include education, health, nutrition, mental health and social services. In addition, MAAC receives funding through the Child Care Food Program, which provides daily meals and snacks for the children enrolled in the education programs.

MAAC also provides support to residents of San Diego County in the form of energy subsidies and home repairs through its weatherization programs.

During 2021, MAAC provided services and support to unaccompanied migrant children through a contract with a nonprofit corporation. MAAC was a sub-recipient of federal funds from The Administration for Children and Families division of the United States Department of Health & Human Services. MAAC received approximately \$6,500,000 in federal funds and is recorded as part of contract revenue on the consolidated statement of activities.

The housing and other real estate program develops and manages permanent affordable housing units for individuals and families with annual median incomes ranging from very low to moderate income. These affordable housing projects are brought to market through new construction, acquisition/rehabilitation or through partnerships with third party developers.

Basis of Presentation The accompanying consolidated financial statements have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and include the accounts of MAAC and its Affiliates (the Organization) in which MAAC has a controlling interest. These Affiliates are included in the consolidation in accordance with U.S. GAAP which require the Affiliates accounts to be consolidated for all limited partnerships which are deemed to be controlled by MAAC. All significant intercompany balances and transactions have been eliminated in consolidation. Non-controlling interests in limited partnerships represent the limited partners' equity interest in the non-wholly owned limited partnerships and are shown separately in the components of net assets.

Classes of Assets Revenues, expenses, gains, losses and net assets are classified in the consolidated financial statements based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of MAAC and changes therein are classified and reported as follows:

- Net assets without donor restrictions represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Net assets with donor restrictions represent the part of the net assets of the Organization resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources will be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the time has elapsed, when the stipulated purpose for which

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the resource was restricted has been fulfilled, or both. As of December 31, 2021 and 2020, there were donor restrictions of \$778,728 and \$516,983, respectively, related to private grants to the charter high school.

Functional Allocation of Expenses The costs of providing MAAC's programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of functional activities. Certain direct costs have been allocated among the various grants and contracts as agreed by these funding sources or, in the absence of an agreement, on a basis that appears most reasonable to the management of the Organization and is consistently applied. The expenses that are allocated include occupancy, depreciation and amortization (allocated on a square footage basis), as well as wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other (all of which are allocated on the basis of estimates of time and effort). Expenses associated with more than one program or supporting service are allocated by management based on an evaluation of MAAC's activities.

The functional classifications are defined as follows:

Program services:

- Child development consists of Head Start, Early Head Start, Pre-school and nutrition programs.
- Community services consists of the weatherization and social services programs.
- Charter High School consists of the charter high school.
- Housing and other real estate includes operating and development activity related to multifamily affordable apartments and commercial real estate.

Supporting services:

- Management and general expenses consist of costs incurred in connection with the overall activities of MAAC which are not allocable to another functional expense category.
- Fundraising and development expenses consist of costs incurred in connection with activities related to obtaining grants and activities designed to generate revenue.

Public Support and Private Revenue Recognition MAAC receives contract and grant funding from federal, state and local agencies for providing educational, nutritional, weatherization and supportive services. Revenues from such grants are recognized as they incur expenditures in compliance with the applicable agreements. These revenues are voluntary, unconditional and nonreciprocal transfers of cash or other assets.

Revenues from program service fees and service contracts are recognized as the terms of the contracts are satisfied.

Revenues from rental properties, primarily from short-term leases, are reflected as revenue as the rents become due. In addition, the rental properties also generate other property-related revenue associated with on-site daycare, laundry, vending and miscellaneous charges to tenants. Such other revenue is recognized when earned.

Contributions are recognized as revenues when they are voluntary, unconditional, and nonreciprocal transfers of cash or other assets. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

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Any funds received in advance of a condition being met are recorded as a liability under deferred revenue.

Accounting for Investments in Joint Ventures Under the equity method of accounting, MAAC records its initial investment at cost and thereafter, records its portion of the entity's income or loss on an annual basis. In the event its investment goes negative, based on management's assessments, the recording of further loss may be suspended until profitability returns.

MAAC reviews its investments in joint ventures for impairment. When it is determined that the reduction in value is other than a temporary decline, a loss is recognized equal to the difference between the investment's carrying value and its fair value. During 2021 and 2020, no impairment losses were recognized related to its joint venture investments.

Cash, Cash Equivalents, and Restricted Cash For purposes of the consolidated statements of financial position, and consolidated statements of cash flows, cash and cash equivalents consist of cash and highly liquid unrestricted investments with an original maturity of three months or less when purchased. Restricted cash consists of tenant security deposits and reserves.

Investment in San Diego County Investment Pool MAAC maintains a portion of its cash in the San Diego County Investment Pool (the County Treasury) as part of the common investment pool (\$542,668 and \$792,297 as of December 31, 2021 and 2020, respectively). The County Treasury is restricted by Government Code §53635 pursuant to §53601 to invest in time deposits, U.S. Government Securities, state registered warrants, notes or bonds, State Treasurer's investment pool, banker's acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse agreements. The fair value of MAAC's investment in this pool is reported in the accompanying financial statements at amounts based on MAAC's pro-rata share of the fair value provided by the County Treasury (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasury, which are recorded on an amortized cost basis. Cash may be added or withdrawn from the investment pool without limitations.

Fair Value Measurements and Disclosures MAAC reports certain assets and liabilities at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

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Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined using models or other valuation methodologies including:

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

Level 3: Unobservable inputs for the asset or liability. In these situations, MAAC develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to MAAC's assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of MAAC's County Treasury investment assets are classified within Level 2. The investments are primarily comprised of U.S Government Agencies, U.S. Treasury Notes, corporate term notes, AAA-rated Supranationals, commercial paper and certificates of deposits.

The following table presents the assets measured at fair value on a recurring basis at December 31:

	2021	2020
County Treasury (Level 2)	\$ 542,668	\$ 792,297

As of December 31, 2021, and 2020, the County Treasury's unrealized gains were approximately \$2,000 and \$11,000, respectively.

Estimates The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Significant items subject to such estimates and assumptions include in-kind contributions of goods and services, the treatment of loans and related contingent interest owed on loans to be forgiven if the properties comply with loan requirements, and the gross profit margin on developer fees charged to properties developed. Actual results may differ from those estimates.

Accounts Receivable Accounts receivable consist of grants, contracts, and other receivables that arise in the normal course of operations. It is the policy of management to review the outstanding receivables at year end, as well as the bad debts experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts.

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Property and Equipment and Rental Property Major acquisitions of property and equipment are capitalized. For new construction projects, the Organization capitalizes interest, real estate taxes, insurance, payroll and the associated costs of employees directly responsible for and who spend their time on the execution and supervision of major capital and/or renovation projects. In the event property and equipment are donated, they are capitalized at the approximate fair market value at the date of donation. These costs are reflected on the accompanying consolidated statements of financial position. Expenditures for maintenance and repairs are charged against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets of three to forty years. Amortization of leasehold improvements is included in depreciation expense. Land, buildings and equipment acquired with grant funds are considered to be owned by the Organization while used in the programs or in future authorized programs. However, the funding source may have a reversionary interest in the property as well as the right to determine the use of any proceeds from the sale of assets purchased with their respective funds.

MAAC classifies property under predevelopment, development and/or expansion as construction-in-progress until construction has been completed and certificates of occupancy permits have been obtained.

MAAC reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. When evaluating recoverability, management considers future undiscounted cash flows estimated to be generated by the property, including low income tax credits, and any estimated proceeds from the eventual disposition. In the event these accumulated cash flows are less than the carrying amount of the property, MAAC recognizes an impairment loss equal to the excess of the carrying amount over the estimated fair value of the property. For property under development, management evaluates major cost overruns, market conditions that could affect lease-up projections, intent and ability to hold the asset, and other indicators of impairment. If any indicators were to suggest impairment was present, the carrying value of the asset would be adjusted accordingly to fair value. No impairment losses were recognized in 2021 or 2020.

Contributed Materials and Services Contributed materials are recorded at their fair market value when an objective basis is available to measure their value. Such items are capitalized or charged to operations as appropriate. The Organization received a substantial amount of services donated by volunteers in carrying out the Organization's program services. No amounts have been recorded for those services as they do not meet the requirements for recognition as contributions in the accompanying consolidated financial statements. However, the fair market value of contributed professional services is reported as support and expense in the period in which the services are performed.

Concentration of Business and Credit Risk The Organization maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. At December 31, 2021 and 2020, MAAC had certain accounts which were above the FDIC insured limit. MAAC has not experienced any losses in its bank deposit accounts and does not believe they are exposed to any significant credit risk related to cash.

MAAC receives a significant amount of revenue from government grants, as well as from affordable housing projects in which it is the general partner. These sources of funds are dependent upon the availability of funds from federal and state programs, as well as the continued success of the affordable housing projects.

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MAAC, either as a direct owner or general partner, has an economic interest in various rental properties. These properties are subject to business risks associated with the economy and level of unemployment in San Diego County, which affect occupancy as well as the tenants' ability to make rental payments. The operations of properties receiving grant funding are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress, local government or an administrative change mandated by HUD and may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

For the years ended December 31, 2021 and 2020, MAAC had one federal grant that accounted for 90% and 90%, respectively, of its federal awards (Schedule III). During the years ended December 31, 2021 and 2020, five programs accounted for approximately 74% and 77%, respectively, of total accounts receivable.

Income Tax Status The nonprofit entities consolidated in these financial statements have been granted an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. In addition, these nonprofits do not have any income, which they believe would subject them to unrelated business income taxes. Accordingly, these consolidated financial statements do not reflect a provision for income taxes. The consolidated nonprofit entities are required to file tax returns with the Internal Revenue Service (IRS) and other taxing authorities.

MAAC has adopted the accounting topic generally accepted in the United States of America for income taxes, which provides guidance for how uncertain income tax positions should be recognized, measured, presented and disclosed in the consolidated financial statements. MAAC is required to evaluate the income tax positions taken or expected to be taken to determine whether positions are "more-likely-than-not" to be sustained upon examination by the applicable tax authority. Management has determined that the application of the accounting topic for income taxes does not impact its operations.

No provision for income taxes has been made for the consolidated partnerships or limited liability companies (LLC) as any income or loss is included in the tax returns of the partners or members. The federal tax status as a pass-through entity is based on its legal status as a partnership or LLC. The Partnerships and LLC's are required to file tax returns with the IRS and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and the Partnerships and LLC's have no other tax positions which must be considered for disclosure. With few exceptions, the Partnerships and LLC's are no longer subject to income tax examinations by tax authorities for years before 2017. The Partnerships and LLC's are required to pay an \$800 fee to the California Franchise Tax Board. No examinations are currently pending.

Property Tax Exemption MAAC's rental properties are generally exempt from real property taxes. In the event such exemption is not renewed annually or no longer available, MAAC's cash flow would be negatively impacted.

Debt Issuance Costs Costs incurred to obtain financing, included in notes payable in the accompanying consolidated statements of financial position are amortized using a method that approximates the effective interest method, over the terms of the related debt agreements, as applicable.

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Reclassifications Certain amounts in the prior year consolidated financial statements have been reclassified to conform to the current year financial statement presentation.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	\$ 8,763,039	\$ 9,830,311
Accounts receivable	3,712,398	4,697,751
Restricted cash (current and non-current)	5,009,830	46,260,467
Investments-County Treasury	542,668	792,297
Less: unavailable restricted cash for general expenditures due to:		
Contractual lender and regulatory restrictions	(3,670,240)	(32,716,682)
Donor restricted net assets	(778,729)	(516,983)
Financial assets available to meet general expenditures within one year	\$ 13,578,966	\$ 28,347,161

MAAC is primarily supported by government grants and rental revenues. Because governmental grants and rental revenues are restricted by agreements including contractual, regulatory, lender and other, MAAC must maintain sufficient resources to meet their responsibilities under those agreements. As a result, financial assets may not be available for general expenditures within one year. As part of MAAC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, as part of MAAC's liquidity management plan, the Organization entered into a line of credit agreement facility. The amount available for borrowing as of December 31, 2021 and 2020 was \$1,000,000 and \$1,000,000, respectively.

3. RESTRICTED CASH

Cash balances are held in restricted cash accounts to comply with the terms of certain loan, regulatory and other agreements. Withdrawals from these accounts are allowed only for specific purposes.

Restricted cash consists of the following:

	2021	2020
Replacement reserves	\$ 1,405,062	\$ 1,228,182
Operating reserves	1,850,953	1,849,961
Impounds and escrows	1,224,160	1,276,544
Tenant security deposits	529,655	501,420
Funds held by Trustee	-	41,404,360
Total restricted cash	5,009,830	46,260,467
Less: current restricted cash	(1,000,000)	(42,404,360)
Total restricted cash, net of current portion	\$ 4,009,830	\$ 3,856,107

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4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2021	2020
Weatherization and Low Income Home Energy	\$ 508,042	\$ 596,154
Head Start	1,033,517	912,261
Charter high school	154,185	699,110
Childcare food program	113,877	60,733
Pre-school	100,635	233,215
Recovery homes	655,855	368,093
Residential tenant rents	193,559	66,966
Property tax refunds	678,390	1,703,827
Economic development	294,855	-
Other receivables	53,037	87,828
Total accounts receivable	3,785,952	4,728,187
Less: allowance for doubtful accounts	(73,554)	(30,436)
Accounts receivable, net	\$ 3,712,398	\$ 4,697,751

5. RENTAL PROPERTY

MAAC wholly owned real estate (MAAC Real Estate) and the Affiliates own and operate low income housing projects. Rental property consists of the following as of December 31, 2021:

	MAAC		
	Real Estate	Affiliates	Total
Buildings and improvements	\$ 36,292,717	\$ 48,248,409	\$ 84,541,126
Land	4,010,654	3,528,919	7,539,573
Land improvements	3,672,099	3,489,305	7,161,404
Equipment	2,557,424	5,252,228	7,809,652
Construction-in-progress	33,276,536	3,132,084	36,408,620
Total rental property	79,809,430	63,650,945	143,460,375
Less: accumulated depreciation	(31,873,587)	(15,638,012)	(47,511,599)
Rental property, net	\$ 47,935,843	\$ 48,012,933	\$ 95,948,776

Rental property consists of the following as of December 31, 2020:

	MAAC		
	Real Estate	Affiliates	Total
Buildings and improvements	\$ 39,614,514	\$ 40,912,852	\$ 80,527,366
Land	5,392,053	2,140,020	7,532,073
Land improvements	3,379,486	2,915,750	6,295,236
Equipment	2,373,034	4,688,529	7,061,563
Construction-in-progress	24,433,333	2,864,228	27,297,561
Total rental property	75,192,420	53,521,379	128,713,799
Less: accumulated depreciation	(32,429,158)	(12,122,260)	(44,551,418)
Rental property, net	\$ 42,763,262	\$ 41,399,119	\$ 84,162,381

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A substantial portion of the Organization's rental property is identified as collateral for the related notes payable.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2021 and 2020:

	2021	2020
Buildings and improvements	\$ 19,362,022	\$ 18,715,070
Land	2,908,988	2,908,988
Leasehold improvements	3,524,159	3,408,295
Vehicles	1,314,090	1,377,236
Furniture and equipment	3,390,956	3,156,330
Construction-in-progress	1,076,595	1,151,763
Total property and equipment	31,576,810	30,717,682
Less: accumulated depreciation	(11,853,554)	(10,526,195)
Property and equipment, net	\$ 19,723,256	\$ 20,191,487

7. LINE OF CREDIT

MAAC has a \$1,000,000 line of credit with East West Bank with interest only payments due monthly at the higher of 5.00% or the Prime Rate, as defined, through May 16, 2023 (5.00% and 5.00% as of December 31, 2021 and 2020, respectively). As of December 31, 2021 and 2020, there was a \$0 and \$0 balance, respectively.

8. GROUND LEASE

One of the Affiliates, Seniors on Broadway Limited Partnership, entered into a ground lease agreement on March 1, 2005 (Ground Lease) with the Chula Vista Elementary School District (District). The lease expires on March 1, 2080. Ground lease payments are due on the last day of each year, subject to Available Cash Flow, as defined, for the first 15 years. To the extent the full lease payment is not paid each year from year 1 through 15, the unpaid balance shall accrue interest at an annual rate of 6 percent. All accrued or unpaid amounts that were not paid are due and payable to the District no later than the end of the 15-year period. Initial annual lease payments are \$5,000 with each subsequent annual lease payment increasing by \$5,000 until the annual payment reaches \$60,000 in year 12. Beginning in year 13 through the remaining term of the lease, the annual payment shall increase by 2.5 percent. As of December 31, 2021 and 2020, Seniors on Broadway Limited Partnership owes \$304,152 and \$239,538 of ground lease payments, respectively.

Seniors on Broadway Limited Partnership has normalized the lease increases over the life of the Ground Lease. As of December 31, 2021 and 2020, the deferred ground lease payable was \$1,717,155 and \$1,589,282, respectively. The annual expense of \$127,873 was recorded to reflect the expense on a straight-line basis over the life of the lease. The difference between the scheduled payment (depending on cash flow) and the accrual is shown as deferred ground lease for financial statement purposes.

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Scheduled ground lease payments are required as follows:

Year Ending December 31,	Payments Scheduled	Ground Lease Expense	Deferred Ground Lease
2022	\$ 66,229	\$ 127,873	\$ (61,644)
2023	67,885	127,873	(59,988)
2024	69,582	127,873	(58,291)
2025	71,322	127,873	(56,551)
2026	73,105	127,873	(54,768)
Thereafter	9,105,344	7,096,947	2,008,397
	<u>\$ 9,453,467</u>	<u>\$ 7,736,312</u>	<u>\$ 1,717,155</u>

9. NOTES PAYABLE

Notes payable consist of the following:

	2021	2020
<u>MAAC and MAAC Wholly Owned Real Estate (MAAC Real Estate)</u>		
Note payable to California Bank & Trust, secured by deed of trust, including assignment of rents and fixture filing and commercial security agreement. Monthly principal and interest payments of \$16,144 for 24 months. The note bore variable interest at LIBOR plus 2.25% through April 25, 2019. Thereafter, the interest rate is fixed for one year periods based on one year LIBOR plus 2.25%. (2.78% and 3.75% as of December 31, 2021 and 2020, respectively). Any unpaid principal and interest are due and payable on July 26, 2022.	\$ 2,718,746	\$ 2,809,837
Note payable to Impact Funding LLC, which is serviced by Pacific Life Insurance Company, secured by a first deed of trust (the Mercado Apartments) and accruing interest at 8.25% annually. Monthly payments of principal and interest of \$22,641 are due, based on a 30-year amortization period with all unpaid principal and interest due in July 2025.	840,376	1,033,977
Note payable to Bank of America Community Development Bank, secured by a second deed of trust (the Mercado Apartments). The note does not bear interest and no payments are due unless Mercado Apartments, L.P. is not in compliance with the terms of the deed of trust.	920,000	920,000
Note payable to the City of San Diego, secured by a third deed of trust (the Mercado Apartments). The note accrues simple interest at 6.00% annually and all principal and any unpaid interest are	1,425,000	1,425,000

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	2021	2020
Note payable to the City of San Diego, secured by a fourth deed of trust (the Mercado Apartments). The note accrues simple interest at 6.00% annually. The principal and any unpaid interest are due and payable in December 2047.	1,998,440	1,998,440
Note payable to Pacific Life secured by a Carlsbad Laurel Tree Apartments first deed of trust, monthly installments of principal and interest of \$29,427, accrues interest at 6.83%, and all unpaid principal and interest are due October 1, 2030. Effective October 1, 2020, the loan was adjusted, reducing the interest rate to 2.43%, and the monthly installments of principal and interest to \$23,992	2,286,899	2,516,206
Note payable to Bank of America Community Development Bank, secured by a Carlsbad Laurel Tree Apartments second deed of trust. The note does not bear interest and no payments are due unless the Partnership is not in compliance with the terms of the deed of trust.	552,000	552,000
Note payable to HCD under the Home Investment Partnership Program, secured by a Carlsbad Laurel Tree Apartments third deed of trust, accrues simple interest at 3.00% beginning on the date of initial occupancy. Accrued interest is due and payable to the extent of Surplus Cash, as defined. All unpaid principal and interest are due on November 25, 2038.	521,587	521,587
Note payable to East West Bank, secured by a deed of trust covering the Villa Lakeshore land and improvements. Monthly installments of principal and interest of \$11,585. Any unpaid principal and interest are due and payable on February 23, 2022. The note bears annual interest at 4.50%. The loan was repaid in January 2021 when Villa Lakeshore was transferred to an affiliate.	-	2,036,628
Note payable to Bank of America Community Development Bank in the amount of \$2,096,860, accrues interest at 8.73% and secured by a first deed of trust (San Martin). Monthly principal and interest payments of \$16,466 are based on a 30-year amortization period. Unpaid principal and interest are due on October 1, 2031.	1,295,342	1,375,987
Note payable to the County of San Diego, Department of Housing and Community Development, secured by a deed of trust (San Martin). The note accrues simple interest at 3.00% beginning on the date of initial occupancy of the housing units. Payments to be made on an annual basis from Residual Receipts, as defined, and all principal and unpaid interest are due on November 2, 2054.	1,181,164	1,181,164

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	2021	2020
Note payable to Century Housing Corporation, a California nonprofit corporation, dated July 2021 up to \$3,600,000, secured by a first deed of trust (the Ascencia project). Interest is payable monthly and accrues at LIBOR plus 4.50% (5.03% as of December 31, 2021) with a floor rate of 5.50%. Unpaid principal and interest are due September 1, 2022. On May 4, 2022, the maturity date was extended to March 22, 2023.	3,330,880	-
Note payable to California Bank & Trust dated August 1, 2018 in the amount of \$3,250,000, secured by a deed of trust (Vale Terrace). Interest accrues at 6.22% and monthly payments of principal and interest shall be paid on the first day of each month. Unpaid principal and interest are due September 1, 2033.	2,778,357	2,933,253
Note payable to Raza Dev Fund, Inc. in the amount up to \$10,000,000, secured by a deed of trust (the National City Project), guaranteed by MAAC and accruing interest at 6.00%. All unpaid principal and accrued interest are due on November 26, 2023.	9,392,425	8,790,820
Seller note payable to 233 Roosevelt, LLC in the amount of \$7,500,000, secured by a deed of trust (the National City Project), interest at 5.00% with interest payable semi-annually on March 31 and September 30. The note matures the earlier to occur of (i) Tax Credit and Bond Closing (estimated to occur in Q2 2023) or (ii) sale of the National City Project.	7,500,000	7,500,000
Note payable to Century Housing Corp loan up to \$3,600,000, secured by a first deed of trust (the Ivy Project). Interest is payable monthly at the higher of 6.25% or of one-month LIBOR plus 4.00% (6.25% as of December 31, 2021 and 2020). Unpaid principal and interest are due January 4, 2023.	3,460,485	3,248,548
Note payable to East West Bank in the amount of \$3,500,000 under the Paycheck Protection Program (the PPP Loan) and accrues interest at 1.00%. Unpaid principal and interest are due April 6, 2022. The loan may be forgiven if all requirements for the appropriate expenditure of proceeds were met. The Organization applied for and received full forgiveness of the PPP Loan (principal and interest) during 2021.	-	3,500,000
Total MAAC and MAAC Real Estate	\$ 40,201,701	\$ 42,343,447

Affiliates

Note payable to U.S. Bank National Association dated February 28, 2005 in the amount of \$225,000, secured by a deed of trust (Seniors on Broadway). Interest accrues at 7.22% and monthly payments of principal and interest of \$1,555 are due. Unpaid	\$ 169,270	\$ 175,428
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**METROPOLITAN AREA ADVISORY COMMITTEE ON
ANTI-POVERTY OF SAN DIEGO, INC. AND AFFILIATES**

(A NONPROFIT CALIFORNIA CORPORATION)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

	2021	2020
Note payable to U.S. Bank National Association dated February 28, 2005 in the amount of \$1,000,000, secured by a deed of trust (Seniors on Broadway). Interest accrues at 7.22% and monthly payments of principal and interest of \$6,910 are due. Unpaid principal and interest are due September 1, 2036.	759,887	786,722
Note payable to the City of Chula Vista dated February 22, 2005, secured by a deed of trust (Seniors on Broadway). Simple interest accrues at 3.00%. Interest only payments are to be made annually from Residual Receipts, as defined. Unpaid principal and interest are due January 2063.	3,511,194	3,511,194
AHP note payable to the Mississippi Valley Life Insurance Company in the amount of \$252,000, secured by a deed of trust (Seniors on Broadway), dated September 21, 2005. The note is non-interest bearing and will be forgiven after the 15-year compliance period.	339,339	339,339
San Diego Housing Authority (the Issuer) Multifamily Housing Revenue Bonds, 2018 Series G-1 in the original aggregate principal amount of \$29,000,000, secured by a deed of trust (Hillside Views Apartments), assignment of rents, and a security agreement encumbering the Project (restricted cash). In connection with the issuance of the Bonds, Bank of New York Mellon Trust Company, National Association has been appointed as the Trustee. The G-1 Bonds accrue interest at 2.05%. All unpaid principal and interest were repaid as of June 1, 2021.	-	29,000,000
The Issuer Multifamily Housing Revenue Bonds, 2018 Series G-2 in the original aggregate principal amount of \$12,000,000, secured by a deed of trust (Hillside Views Apartments), assignment of rents, and a security agreement encumbering the Project. In connection with the issuance of the Bonds, Bank of New York Mellon Trust Company, National Association has been appointed as the Trustee. The G-2 Bonds accrued interest at LIBOR plus 1.50% (2.03% and 1.71% as of December 31, 2021 and 2020). All unpaid principal and interest were repaid as of June 1, 2021.	-	12,000,000
Note payable to Red Mortgage Capital, LLC, in the amount of \$26,700,000, secured by a deed of trust (Hillside Views Apartments), accrues interest at 4.93%, with monthly interest payments commencing on February 1, 2019 through February 1, 2021. Thereafter, monthly principal and interest payments of \$133,562 are to be made with all unpaid principal and interest due on January 1, 2036.	26,446,728	26,700,000

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	2021	2020
<p>Note payable to the County of San Diego Redevelopment Agency (SDRA), secured by a deed of trust covering the land, any improvements and certain other property located in Lakeside, California (Villa Lakeshore), with simple interest at 3.00% and principal payments beginning June 2035 in an amount equal to the lesser of interest accrued over the past twelve months or the amount determined by SDRA to be necessary to cover the costs of monitoring MAAC's compliance with the loan agreement. If residual revenues are generated from the property's operations, SDRA will receive 25.00% of the residual revenues each fiscal year. In the event that MAAC has repaid the \$356,000 note payable to the County of San Diego Department of Housing and Community Development, SDRA will receive 50.00% of the residual revenues each fiscal year. In accordance with the loan agreement, all payments received shall first be applied toward any costs or charges incurred in connection with the loan, next to the payment of accrued interest, then to the reduction of the principal balance. The outstanding balance including any unpaid interest is due in June 2063.</p>	1,467,645	1,000,000
<p>Note payable to the County of San Diego Department of Housing and Community Development (HCD) requiring annual payments of \$32,000, including simple interest at 3.00%, beginning in June 2034. The note is secured by a deed of trust covering the land, improvements and other property (Villa Lakeshore). If the operations of the property generate residual receipts, HCD will receive 25.00% of the residual revenue each fiscal year to be applied toward accrued interest. The principal balance and all unpaid interest are due in June 2062.</p>	493,497	356,000
<p>Note payable to HCP-ILP, LLC, a Nevada limited liability company, in the original amount of \$8,200,000 with interest only payments for the first 24 months of the loan (the Construction Loan). Secured by 2021 Series A-1 tax-exempt bonds of \$7,110,591 and 2021 Series A-2 taxable bonds of \$1,089,409, issued by the California Municipal Finance Authority (the Bonds). Interest on the A-1 and A-2 bonds, prior to the date of conversion, accrues at LIBOR plus 2.50%. On July 1, 2021, the Bonds were purchased by California Bank and Trust and the tax-exempt bonds began accruing interest at 3.85%. Upon conversion, the tax-exempt bonds are expected to be repaid down to \$5,920,000, accrue interest at 3.85%, monthly principal and interest payments of \$25,682 and mature in 18 years. The taxable bonds mature February 1, 2023.</p>	6,558,428	-

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	2021	2020
Note payable to Jersey Toto LLC, a California limited liability company dated January 2018, in the amount of up to \$800,000, secured by a deed of trust (Beyer Blvd). No interest accrues on the Loan. The note shall expire on the earliest of: (i) no later than one hundred ninety-five (195) days after the date of the letter from TCAC awarding Tax Credits to the project, if reservation of Tax Credit is obtained, or (ii) principal is due January 29, 2022.	800,000	800,000
Note payable to the Century Housing Corporation, a California nonprofit corporation, dated January 2018 in the amount of \$1,950,000, secured by a deed of trust (Beyer Blvd). Interest accrues at 6.25% and monthly payments of interest shall be paid on the first day of each month. Unpaid principal and interest are due September 5, 2022.	1,950,000	1,950,000
Total Affiliates	42,495,988	76,618,683
Total notes payable	82,697,689	118,962,130
Less: current portion	(5,689,875)	(44,033,370)
Less: debt issuance costs	(1,476,460)	(1,135,561)
Total notes payable, net of current portion	\$ 75,531,354	\$ 73,793,199

Future principal payments of notes payable as of December 31, 2021 are due as follows:

Year Ending December 31,	MAAC	Affiliates	Total
2022	\$ 3,418,275	\$ 2,271,600	\$ 5,689,875
2023	16,924,456	1,179,205	18,103,661
2024	599,212	398,904	998,116
2025	521,260	423,502	944,762
2026	383,620	445,593	829,213
Thereafter	18,354,877	37,777,185	56,132,062
	\$ 40,201,700	\$ 42,495,989	\$ 82,697,689

For the years ended December 31, 2021 and 2020, the Organization incurred interest expense of \$3,470,049 and \$3,488,137, respectively. Amortization of the debt issuance costs of \$173,733 and \$169,281 has been included in interest expense for 2021 and 2020, respectively.

10. OPERATING LEASES

MAAC occupies facilities and leases vehicles and equipment under operating lease agreements which expire through February 2028. Rent expense was \$2,110,682 and \$2,078,390 for the years ended December 31, 2021 and 2020, respectively. Future minimum payments under non-cancelable operating leases as of December 31, 2021 are as follows:

METROPOLITAN AREA ADVISORY COMMITTEE ON ANTI-POVERTY OF SAN DIEGO, INC. AND AFFILIATES

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DECEMBER 31, 2021 AND 2020

Year Ending December 31,	Amount
2022	\$ 922,155
2023	\$ 596,776
2024	\$ 362,255
2025	\$ 130,951
2026	\$ 56,879
Thereafter	\$ 60,163

11. INDIRECT COSTS

MAAC was granted an indirect cost rate of 9.7% and 9.7% by the U.S. Department of Health and Human Services, MAAC's federal cognizant agency, for the years ended December 31, 2021 and 2020, respectively.

12. COMMITMENTS AND CONTINGENCIES

Commitments In connection with the development and operations of the properties owned by the Affiliates, MAAC has made certain guaranties regarding the Affiliates' operations and tax benefits.

Grants and Contracts MAAC has grants and contracts with government agencies which are subject to audit. No provision has been made for any liability that may result from such audits since the amounts, if any, cannot be determined. Management believes that any such liability will not be material.

Contingencies The Organization may periodically be involved in litigation cases incidental to its business activities. While any litigation or investigation has an element of uncertainty, management believes that the outcome of any of these matters will not have a materially adverse effect on its consolidated financial position, results of operations or liquidity.

13. RELATED PARTY TRANSACTIONS

Asset Management Fees In accordance with the Partnership Agreement for 5471 Bayview Heights, L.P., the Special Limited Partner is entitled to an annual Asset Management Fee of \$15,000, increasing 3.00% annually and is payable from Net Cash Flow, as defined, with payments commencing April 1, 2020. The Partnership was charged an Asset Management Fee of \$15,289 and \$15,450, respectively, and as of December 31, 2021 and 2020, \$15,914 and \$31,075, respectively, remains unpaid.

14. INVESTMENT IN JOINT VENTURES AND OTHER ENTITIES

In 2013, MAAC entered into three joint venture agreements with Bridge Housing (the Comm 22 LLCs) to develop affordable housing projects (130 and 70 units) in San Diego, California (the Comm 22 Partnerships). In connection with these agreements, MAAC has 25.0% and 30.6% interests in the Comm 22 LLCs. Two of the Comm 22 LLCs have 0.01% general partner interests in the Comm 22 Partnerships and are entitled to developer and partnership management fees. MAAC records its

METROPOLITAN AREA ADVISORY COMMITTEE ON ANTI-POVERTY OF SAN DIEGO, INC. AND AFFILIATES

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DECEMBER 31, 2021 AND 2020

investments under the equity method of accounting due to shared control with Bridge Housing.

As of December 31, 2021 and 2020, total unpaid developer fees were \$17,945 and \$17,945, respectively.

The Comm 22 LLCs received approximately \$18,000,000 in grant funds that were used for infrastructure to develop the affordable housing projects. MAAC determined that the grant revenue received by the Comm 22 Partnerships should be deferred and recognized over the life of the infrastructure (20 years). During 2021 and 2020, MAAC recognized grant revenue of \$162,079 and \$162,079, respectively, and losses of \$124 and \$116, respectively, in its share of Comm 22 LLCs' net loss. As of December 31, 2021 and 2020, MAAC has an investment balance of \$980,470 and \$818,515, respectively, in the Comm 22 LLCs.

MAAC entered into unconsolidated joint ventures with CRP to develop approximately 260 affordable housing units in the City of Imperial and San Diego, California. In connection with these ventures, MAAC recorded and received approximately \$20,000 and \$460,000 in fees during 2021 and 2020, respectively.

15. CORONAVIRUS OUTBREAK

During 2020, there was a global outbreak of a new strain of coronavirus, COVID-19. The global and domestic response to the COVID-19 outbreak continues to rapidly evolve. To date, certain responses to the COVID-19 outbreak have included mandates from federal, state and/or local authorities to mitigate the spread of the virus, which have adversely impacted global commercial activity and have contributed to significant volatility in financial markets. While the majority of the Organization's employees have been classified as essential workers and have experienced little impact related to COVID-19, certain of the Organization's administrative and support staff have been required to work remotely as a result of various governmental mandates. Although the organization has received significant financial support and the spread of COVID-19 has diminished, the ultimate impact to the Organization is unknown.

16. MAAC CHARTER HIGH SCHOOL

During 2020, MAAC's board of directors voted to transfer its Charter High School to an affiliated nonprofit in future periods. As of December 31, 2021, the transfer had not yet occurred. As of December 31, 2021 and 2020, the Charter High School had total assets of approximately \$2,100,000 and \$1,600,000, respectively, net assets of \$159,000 and \$160,000, respectively, and revenues of \$4,700,000 and \$3,150,000, respectively.

17. SUBSEQUENT EVENTS

MAAC has evaluated subsequent events that have occurred through the date of the independent auditor's report, which is the date that the consolidated financial statements were available to be issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the consolidated financial statements, except as discussed in Note 9.

SUPPLEMENTARY INFORMATION

METROPOLITAN AREA ADVISORY COMMITTEE AND AFFILIATES
(A NONPROFIT CALIFORNIA CORPORATION)
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

SCHEDULE I

	MAAC	MAAC Real Estate	Eliminations	Sub-Total	Affiliates	Eliminations	2021 Consolidated Balance	2020 Consolidated Balance
Assets								
Current assets:								
Cash and cash equivalents	\$ 5,820,308	\$ 2,720,645	\$ -	\$ 8,540,953	\$ 222,086	\$ -	\$ 8,763,039	\$ 9,830,311
Accounts receivable, net of allowance for doubtful accounts of \$73,554 and \$30,436	2,904,223	710,534	-	3,614,757	97,641	-	3,712,398	4,697,751
Restricted cash	-	1,000,000	-	1,000,000	-	-	1,000,000	42,404,360
Prepaid expenses	496,702	152,033	-	648,735	-	-	648,735	725,203
Other current assets	248,562	-	-	248,562	-	-	248,562	246,317
Total current assets	9,469,795	4,583,212	-	14,053,007	319,727	-	14,372,734	57,903,942
Other assets:								
Rental property, net of accumulated depreciation	10,689,636	37,246,207	-	47,935,843	57,499,655	(9,486,722)	95,948,776	84,162,381
Property and equipment, net of accumulated depreciation	13,337,606	6,385,650	-	19,723,256	-	-	19,723,256	20,191,487
Investment in joint ventures and other entities	2,343,827	-	(41,677,676)	(39,333,849)	-	40,856,987	1,523,138	1,610,812
Due from related parties	14,727,869	33,659,001	(8,113,514)	40,273,356	-	(40,255,411)	17,945	17,945
Other long-term receivables	62,774	-	-	62,774	-	-	62,774	62,774
Restricted cash	-	3,098,541	-	3,098,541	911,289	-	4,009,830	3,856,107
Deferred costs, net	-	-	-	-	145,835	-	145,835	147,799
Deposits and other assets	39,787	5,796	-	45,583	96,905	-	142,488	148,045
Total assets	\$ 50,671,294	\$ 84,978,407	\$ (49,791,190)	\$ 85,858,511	\$ 58,973,411	\$ (8,885,146)	\$ 135,946,776	\$ 168,101,292
Liabilities and Net Assets								
Current liabilities:								
Accounts payable and accrued expenses	\$ 3,505,846	\$ 1,889,918	\$ (1,852,308)	\$ 3,543,456	\$ 1,649,526	\$ (70,579)	\$ 5,122,403	\$ 5,968,876
Current portion of accrued interest payable	-	103,083	-	103,083	145,051	-	248,134	315,262
Current portion of notes payable	164,948	3,253,327	-	3,418,275	2,271,600	-	5,689,875	44,033,370
Deferred revenues	653,733	12,095	-	665,828	-	-	665,828	529,624
Total current liabilities	4,324,527	5,258,423	(1,852,308)	7,730,642	4,066,177	(70,579)	11,726,240	50,847,132
Deferred ground lease payable	-	-	-	-	1,717,155	-	1,717,155	1,589,282
Accrued interest payable, net of current portion	-	6,144,297	-	6,144,297	4,442,328	(2,677,034)	7,909,591	7,888,876
Notes payable, net of current portion and unamortized debt issuance costs	5,846,339	30,816,751	-	36,663,090	66,057,382	(27,189,118)	75,531,354	73,793,199
Due to related parties	3,585,534	2,675,671	(6,261,205)	-	10,341,519	(10,318,680)	22,839	31,075
Other liabilities	139,657	251,186	-	390,843	308,354	-	699,197	881,527
Total liabilities	13,896,057	45,146,328	(8,113,513)	50,928,872	86,932,915	(40,255,411)	97,606,376	135,031,091

See independent auditor's report.

METROPOLITAN AREA ADVISORY COMMITTEE AND AFFILIATES

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

(Continued)

	MAAC	MAAC Real Estate	Eliminations	Sub-Total	Affiliates	Eliminations	2021 Consolidated Balance	2020 Consolidated Balance
Net assets:								
Without donor restrictions:								
Undesignated	35,996,509	39,832,079	(41,677,677)	34,150,911	-	(9,486,754)	24,664,157	17,042,836
Controlling interest in Affiliates	-	-	-	-	(40,857,019)	40,857,019	-	-
Noncontrolling interest in Affiliates	-	-	-	-	12,897,515	-	12,897,515	15,510,382
With donor restrictions	778,728	-	-	778,728	-	-	778,728	516,983
Total net assets	36,775,237	39,832,079	(41,677,677)	34,929,639	(27,959,504)	31,370,265	38,340,400	33,070,201
Total liabilities and net assets (deficit)	\$ 50,671,294	\$ 84,978,407	\$ (49,791,190)	\$ 85,858,511	\$ 58,973,411	\$ (8,885,146)	\$ 135,946,776	\$ 168,101,292

See independent auditor's report.

METROPOLITAN AREA ADVISORY COMMITTEE AND AFFILIATES

(A NONPROFIT CALIFORNIA CORPORATION)
 CONSOLIDATING STATEMENT OF ACTIVITIES

	MAAC	MAAC Real Estate	Eliminations	Sub-Total	Affiliates	Eliminations	2021 Consolidated Balance	2020 Consolidated Balance
Revenue and support:								
Contract revenue	\$ 40,858,655	\$ -	\$ -	\$ 40,858,655	\$ -	\$ -	\$ 40,858,655	\$ 35,941,636
Contributions	1,059,071	-	-	1,059,071	-	-	1,059,071	780,684
Program service fees	1,379,929	-	-	1,379,929	-	-	1,379,929	1,005,788
Contractual services	6,742,193	-	(1,558,394)	5,183,799	-	(2,147,318)	3,036,481	3,829,627
Charter school - state aid, grants and donations	3,949,897	-	-	3,949,897	-	-	3,949,897	3,106,866
Rents and tenants fees - real estate	392,424	5,534,593	(995,524)	4,931,493	5,013,697	-	9,945,190	9,475,098
Equity in earnings of joint ventures	2,069,922	-	(1,897,302)	172,620	-	(10,541)	162,079	162,079
Forgiveness of debt - PPP Loan	3,500,000	-	-	3,500,000	-	-	3,500,000	-
Other revenue	44,192	178,988	(15,636)	207,544	-	-	207,544	351,445
Interest income	74,061	934,960	-	1,009,021	280,401	(933,533)	355,889	799,668
Total revenue and support	60,070,344	6,648,541	(4,466,856)	62,252,029	5,294,098	(3,091,392)	64,454,735	55,452,891
Expenses:								
Program services:								
Child development	31,207,445	-	-	31,207,445	-	-	31,207,445	28,918,257
Community services	6,836,667	-	-	6,836,667	-	-	6,836,667	6,904,525
Charter high school	3,389,852	-	-	3,389,852	-	-	3,389,852	3,149,534
Housing and other real estate	3,295,494	5,665,467	(2,904,425)	6,056,536	8,177,272	(2,262,933)	11,970,875	11,980,578
Total program services	44,729,458	5,665,467	(2,904,425)	47,490,500	8,177,272	(2,262,933)	53,404,839	50,952,894
Supporting services:								
Management and general	5,898,794	-	-	5,898,794	-	-	5,898,794	5,115,227
Fundraising and development	161,482	-	-	161,482	-	-	161,482	394,034
Total supporting services	6,060,276	-	-	6,060,276	-	-	6,060,276	5,509,261
Total expenses	50,789,734	5,665,467	(2,904,425)	53,550,776	8,177,272	(2,262,933)	59,465,115	56,462,155
Total change in net assets	\$ 9,280,610	\$ 983,074	\$ (1,562,431)	\$ 8,701,253	\$ (2,883,174)	\$ (828,459)	\$ 4,989,620	\$ (1,009,264)

See independent auditor's report.

METROPOLITAN AREA ADVISORY COMMITTEE AND AFFILIATES

SCHEDULE III

(A NONPROFIT CALIFORNIA CORPORATION)
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2021

Federal/Pass-Through Grantor and Program Title	Federal CFDA Number	Agency or Pass-Through Grantor No.	Total Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Health and Human Services</u>				
Direct Program:				
Head Start/Early Head Start	93.600	09CH010746-02	\$ 156,395	\$ -
Head Start/Early Head Start	93.600	09CH10746-03	22,805,446	-
Head Start/Early Head Start	93.600	09HE00301-01 C5	311,445	-
Head Start/Early Head Start	93.600	09HE00301-01 C6	22,307	-
EHS CCP I	93.600	09HP000194-02	623,509	-
EHS CCP II	93.600	09HP000130-02	209,472	-
EHS CCP II	93.600	09HP000130-03	1,410,012	-
EHS/HS Cares	93.600	09CH01746-02 C3	45,112	-
EHS/HS Cares	93.600	09CH01746-03 C3	497,298	-
EHS CCP I Cares	93.600	09HP000194-02 C3	54,852	-
EHS CCP II Cares	93.600	09HP000130-03 C3	52,131	-
Pass-through the State of California Department of Community Services and Development - Low Income Home Energy Assistance Program				
ARPA 2021 21V-5580 EHA-16	93.568	21V-5580	98,746	-
LIHEAP 2020 Weatherization	93.568	20B-2031	88,705	-
LIHEAP 2021 Weatherization	93.568	21B-5031	682,324	-
LIHEAP 2021 Weatherization	93.568	22B-4031	1,152	-
LIHEAP 2021 ECIP, HEAP & Assurance 16	93.568	22B-4031	195	-
LIHEAP 2021 ECIP, HEAP & Assurance 16	93.568	21B-5031	1,068,726	-
CARES Act 2020 Weatherization	93.568	20U-2580	8,993	-
CARES Act 2020 ECIP, HEAP & Assurance 16	93.568	20U-2580	128,278	-
Pass-through County of San Diego Health and Human Services Drug and Alcohol Programs				
Nosotros & Casa de Milagros	93.959	553460	162,378	-
			28,427,476	-
<u>US Department of Energy</u>				
Pass-through the State of California Department of Community Services and Development				
Weatherization	81.042	20C-6016	216,504	-
			216,504	
<u>U.S. Department of Agriculture</u>				
Pass-through California Department of Education				
Child and Adult Care Food Program	10.558	37-1807-OJ	404,960	-
Child and Adult Care Food Program	10.558	15577- ECR	55,369	-
			460,329	
<u>U.S Department of Housing and Urban Development</u>				
Pass-through City of National City				
Community Development Block Grant	14.218	93-383	35,145	-
Total expenditures of federal awards			\$ 29,139,454	\$ -

See independent auditor's report and notes to schedule of expenditures of federal awards.

**METROPOLITAN AREA ADVISORY COMMITTEE ON
ANTI-POVERTY OF SAN DIEGO, INC. AND AFFILIATES**

(A NONPROFIT CALIFORNIA CORPORATION)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2021

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Metropolitan Area Advisory Committee on Anti-Poverty of San Diego, Inc. (MAAC) under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of MAAC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of MAAC.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the presentation of, the basic consolidated financial statements.

Indirect Cost Rate MAAC has been assigned an indirect cost allocation rate of 9.7% by the Department of Health and Human Services for the year ended December 31, 2021.

2. AMOUNTS PROVIDED TO SUBRECIPIENTS

MAAC did not provide grant funds to subrecipients during 2021.

METROPOLITAN AREA ADVISORY COMMITTEE ON ANTI-POVERTY OF SAN DIEGO COUNTY, INC.

SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES (SSRE)

CSD CONTRACT NO. 20U-2580 (WX)

FOR THE PERIOD JANUARY 1, 2020 THROUGH DECEMBER 31, 2021

- CARES Act Contracts -

	1-Jan-20 through 31-Dec-20	1-Jan-21 through 31-Dec-21	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE					
Grant Revenue	\$ 60,411	\$ 8,993	\$ 69,404	\$ -	\$ 69,404
Total Revenue:	60,411	8,993	69,404	-	69,404
EXPENDITURES					
Weatherization Program Costs					
Intake	483	-	483	-	5,552
Outreach	-	-	-	-	3,470
Training & Technical Assistance	-	-	-	-	3,470
Weatherization Program Costs Total	483	-	483	-	12,492
Weatherization Program Activities And Program Costs					
Wx Program Activities and Program Costs	59,928	8,993	68,921	-	56,912
Weatherization Program Activities And Program Costs Total	59,928	8,993	68,921	-	56,912
Total Expenses:	\$ 60,411	\$ 8,993	\$ 69,404	\$ -	\$ 69,404

METROPOLITAN AREA ADVISORY COMMITTEE ON ANTI-POVERTY OF SAN DIEGO COUNTY, INC.

SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES (SSRE)

CSD CONTRACT NO. 20U-2580 (WX)

FOR THE PERIOD JANUARY 1, 2020 THROUGH DECEMBER 31, 2021

- CARES Act Contracts -

	1-Jan-20 through 31-Dec-20	1-Jan-21 through 31-Dec-21	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE					
Grant Revenue	\$ 207,748	\$ 128,277	\$ 336,025	\$ -	\$ 336,025
Total Revenue:	207,748	128,277	336,025	-	336,025
EXPENDITURES					
Assurance 16 Costs					
Assurance 16 Activities	21,500	13,662	35,162	-	35,821
Administrative Costs					
Administrative Costs	23,920	11,248	35,168	-	35,821
A-16/Administration Costs Total :	45,420	24,910	70,330	-	71,642
Program Costs ECIP HEAP					
Intake	28,192	14,973	43,165	-	43,165
Outreach	18,795	8,144	26,939	-	26,978
Training & Technical Assistance			-	-	10,791
Total Program Costs (ECIP & HEAP)	46,987	23,117	70,104	-	80,934
Program services and program costs					
Program services and program costs total	115,340	80,250	195,590	-	183,449
Total Expenses:	\$ 207,747	\$ 128,277	\$ 336,024	\$ -	\$ 336,025

METROPOLITAN AREA ADVISORY COMMITTEE ON ANTI-POVERTY OF SAN DIEGO COUNTY, INC.

SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES (SSRE)

CSD CONTRACT NO. 20B-2031 (WX)

FOR THE PERIOD JANUARY 1, 2020 THROUGH DECEMBER 31, 2021

- LIHEAP Contracts -

		1-Jan-20 through 31-Dec-20	1-Jan-21 through 31-Dec-21	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE						
Grant Revenue	\$	620,333	\$ 88,705	\$ 709,038	\$ -	\$ 709,038
Total Revenue:		620,333	88,705	709,038	-	709,038
EXPENDITURES						
Weatherization Program Costs						
Intake		28,498	-	28,498	-	56,723
Outreach		18,169	-	18,169	-	35,452
Training & Technical Assistance		1,974	-	1,974	-	35,452
Weatherization Program Costs Total		48,641	-	48,641	-	127,627
Weatherization Program Activities And Program Costs						
Wx Program Activities and Program Costs		571,692	88,705	660,397	-	581,411
Weatherization Program Activities And Program Costs Total		571,692	88,705	660,397	-	581,411
Total Expenses:		\$ 620,333	\$ 88,705	\$ 709,038	\$ -	\$ 709,038

METROPOLITAN AREA ADVISORY COMMITTEE ON ANTI-POVERTY OF SAN DIEGO COUNTY, INC.

SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES (SSRE)

CSD CONTRACT NO. 20B-2031 (EHA-16)

FOR THE PERIOD JANUARY 1, 2020 THROUGH DECEMBER 31, 2021

- LIHEAP Contracts -

REVENUE		1-Jan-20 through 31-Dec-20	Total Audited Costs	Total Reported Expenses	Total Budget
Grant Revenue	\$	1,122,531	\$ 1,122,531	\$ -	\$ 1,122,531
Total Revenue:		1,122,531	1,122,531	-	1,122,531
EXPENDITURES					
Assurance 16 Costs					
Assurance 16 Activities		59,265	59,265	-	142,851
Administrative Costs					
Administrative Costs		140,108	140,108	-	142,851
A-16/Administration Costs Total :		199,373	199,373	-	285,702
Program Costs ECIP HEAP					
Intake		96,125	96,125	-	136,625
Outreach		64,084	64,084	-	85,391
Training & Technical Assistance		3,802	3,802	-	34,156
Total Program Costs (ECIP & HEAP)		164,011	164,011	-	256,172
Program services and program costs					
Program services and program costs total		759,147	759,147	-	580,657
Total Expenses:		\$ 1,122,531	\$ 1,122,531	\$ -	\$ 1,122,531

METROPOLITAN AREA ADVISORY COMMITTEE ON ANTI-POVERTY OF SAN DIEGO COUNTY, INC.

SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES (SSRE)

CSD CONTRACT NO. 20D-1031 (WX)

FOR THE PERIOD JANUARY 1, 2020 THROUGH DECEMBER 31, 2021

- DAP Contracts -

	1-Jan-20 through 31-Dec-20	1-Jan-21 through 31-Dec-21	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE					
Grant Revenue	\$ 18,023	\$ 22,586	\$ 40,609	\$ -	\$ 40,609
Total Revenue:	18,023	22,586	40,609	-	40,609
EXPENDITURES					
Weatherization Program Costs					
Intake	99	707	806	-	3,249
Outreach	66	532	598	-	2,030
Training & Technical Assistance	-	-	-	-	2,030
Weatherization Program Costs Total	165	1,239	1,404	-	7,309
Weatherization Program Activities And Program Costs					
Wx Program Activities and Program Costs	17,857	21,347	39,204	-	33,300
Weatherization Program Activities And Program Costs Total	17,857	21,347	39,204	-	33,300
Total Expenses:	\$ 18,023	\$ 22,586	\$ 40,609	\$ -	\$ 40,609

METROPOLITAN AREA ADVISORY COMMITTEE ON ANTI-POVERTY OF SAN DIEGO COUNTY, INC.

SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES (SSRE)

CSD CONTRACT NO. 20D-1031 (EHA-16)

FOR THE PERIOD JANUARY 1, 2020 THROUGH DECEMBER 31, 2021

- DAP Contracts -

	1-Jan-20 through 31-Dec-20	1-Jan-21 through 31-Dec-21	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE					
Grant Revenue	\$ 40,788	\$ 1,013	\$ 41,801	\$ -	\$ 41,801
Total Revenue:	40,788	1,013	41,801	-	41,801
EXPENDITURES					
Assurance 16 Costs					
Assurance 16 Activities	3,271	-	3,271	-	4,871
Administrative Costs					
Administrative Costs	3,418	1,013	4,431	-	4,871
A-16/Administration Costs Total :	6,689	1,013	7,702	-	9,742
Program Costs ECIP HEAP					
Intake	1,915	-	1,915	-	3,765
Outreach	1,277	-	1,277	-	2,353
Training & Technical Assistance		-	-	-	941
Total Program Costs (ECIP & HEAP)	3,192	-	3,192	-	7,059
Program services and program costs					
Program services and program costs total	30,907	-	30,907	-	25,000
Total Expenses:	\$ 40,788	\$ 1,013	\$ 41,801	\$ -	\$ 41,801



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

To the Board of Directors of
Metropolitan Area Advisory Committee on
Anti-Poverty of San Diego, Inc. and Affiliates:

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 consolidated financial statements of Metropolitan Area Advisory Committee on Anti-Poverty of San Diego, Inc. and Affiliates (collectively, the Organization) which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 9, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s consolidated 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.

A handwritten signature in blue ink that reads "Holt House Carlin & Van Tigt LLP". The signature is written in a cursive, flowing style.

Westlake Village, California
June 9, 2022



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

To the Board of Directors of
Metropolitan Area Advisory Committee on
Anti-Poverty of San Diego, Inc. and Affiliates:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Metropolitan Area Advisory Committee on Anti-Poverty of San Diego, Inc. and Affiliates' (collectively, the Organization) 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 the Organization's major federal programs for the year ended December 31, 2021. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2021.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with 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 the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Organization'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 the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

A handwritten signature in blue ink that reads "Holt House Cash & Van Tuijt LLP". The signature is written in a cursive, flowing style.

Westlake Village, California
June 9, 2022

METROPOLITAN AREA ADVISORY COMMITTEE
 (A NONPROFIT CALIFORNIA CORPORATION)
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED DECEMBER 31, 2021

Section I – Summary of Auditors’ Results

Financial statements

Type of auditors’ report issued: Unmodified
 Internal control over financial reporting:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified? yes none reported

 Noncompliance material to the financial statements noted? yes no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified? yes none reported

 Type of auditors’ report issued on compliance for major programs Unmodified

 Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start/Early Head Start
10.558	Child and Adult Care Food Program

Dollar threshold used to distinguish between Type A and Type B programs: \$874,184
 Auditee qualified as a low-risk auditee? yes no

Section II – Findings - Financial Statement Audit

None reported

Section III – Findings – Major Federal Award Program Audit

None reported

METROPOLITAN AREA ADVISORY COMMITTEE
(A NONPROFIT CALIFORNIA CORPORATION)
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2021

Finding - Financial Statement Audit

None reported

Finding – Major Federal Award Program Audit

None reported