

**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 REPORTS
DECEMBER 31, 2023 AND 2022



**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, 2023 AND 2022
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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) (collectively, the Organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, changes in net assets, 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 the Organization as of December 31, 2023 and 2022, and the changes in their net assets and 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 opinion.

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 the Organization'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 Organization'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 Organization'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 audit 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 entities, and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards (Schedule VI) 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 34-44 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 12, 2024, on our consideration of the Organization's 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 Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Westlake Village, California
June 12, 2024

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

(A NONPROFIT CALIFORNIA CORPORATION)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,598,871	\$ 5,502,906
Accounts receivable, net of allowance for doubtful accounts of \$2,876 and \$129,445	4,299,702	2,883,787
Fees and permits receivables	877,019	-
Employee retention credit receivable	3,313,512	-
Restricted cash	1,078,677	1,000,000
Prepaid expenses	950,513	849,754
Other current assets	318,768	269,853
Total current assets	17,437,062	10,506,300
Other assets:		
Rental property, net of accumulated depreciation	96,690,532	104,675,644
Property and equipment, net of accumulated depreciation	22,082,071	22,191,150
Operating lease right-of-use asset	3,885,433	4,228,680
Investments	2,184,376	1,651,031
Due from related parties	520,187	17,945
Other long-term receivables	62,774	62,774
Restricted cash	11,805,758	3,992,579
Deferred costs	141,111	1,017,051
Deposits and other assets	22,652	49,586
Total assets	\$ 154,831,956	\$ 148,392,740
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 4,314,424	\$ 5,783,544
Current portion of accrued interest payable	374,267	205,121
Current portion of notes payable	8,365,221	3,476,860
Current portion of operating lease liability	1,252,063	1,050,259
Deferred revenues	3,104,665	1,112,375
Total current liabilities	17,410,640	11,628,159
Operating lease liability	4,572,384	4,953,531
Line of credit	4,000,000	-
Accrued interest payable, net of current portion	7,149,230	8,689,525
Notes payable, net of current portion and unamortized debt issuance costs	76,234,693	84,049,623
Due to related parties	31,770	94,106
Other liabilities	893,600	592,063
Total liabilities	110,292,317	110,007,007
Commitments and contingencies		
Net assets:		
Without donor restrictions:		
Undesignated	30,826,723	26,268,401
Noncontrolling interest in Affiliates	12,718,810	10,542,712
With donor restrictions	994,106	1,574,620
Total net assets	44,539,639	38,385,733
Total liabilities and net assets	\$ 154,831,956	\$ 148,392,740

See accompanying notes to consolidated financial statements.

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

(A NONPROFIT CALIFORNIA CORPORATION)
CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31,

2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contract revenue	\$ 40,959,569	\$ -	\$ 40,959,569
Contributions of cash and other financial assets	52,874	1,182,720	1,235,594
Contributions of nonfinancial assets	2,629,569	-	2,629,569
Program service fees	1,944,379	-	1,944,379
Contractual services	1,721,627	-	1,721,627
Charter school - state aid, grants and donations	3,660,903	-	3,660,903
Rental and other tenants revenues - real estate	12,073,237	-	12,073,237
Equity in losses of joint ventures	(282,603)	-	(282,603)
Special events revenue, net of \$202,391 in expenses	233,686	-	233,686
Other revenue	6,809,103	-	6,809,103
Interest income	122,027	-	122,027
Net assets released from restrictions, satisfaction of program restrictions	1,763,234	(1,763,234)	-
Total revenue and support	71,687,605	(580,514)	71,107,091
Expenses:			
Program services:			
Child development	34,080,015	-	34,080,015
Community services	8,304,639	-	8,304,639
Charter high school	3,348,512	-	3,348,512
Housing and other real estate	16,601,873	-	16,601,873
Total program services	62,335,039	-	62,335,039
Supporting services:			
Management and general	6,785,795	-	6,785,795
Fundraising and development	400,729	-	400,729
Total supporting services	7,186,524	-	7,186,524
Total expenses	69,521,563	-	69,521,563
Total change in net assets	\$ 2,166,042	\$ (580,514)	\$ 1,585,528

See accompanying notes to consolidated financial statements.

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

(A NONPROFIT CALIFORNIA CORPORATION)
CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31,

2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contract revenue	\$ 38,843,331	\$ -	\$ 38,843,331
Contributions of cash and other financial assets	178,908	1,566,914	1,745,822
Contributions of nonfinancial assets	1,482,960	-	1,482,960
Program service fees	1,858,364	-	1,858,364
Contractual services	1,015,199	-	1,015,199
Charter school - state aid, grants and donations	2,758,831	-	2,758,831
Rents and tenants fees - real estate	10,933,668	-	10,933,668
Equity in earnings of joint ventures	162,079	-	162,079
Special events revenue, net of \$74,528 in expenses	156,409	-	156,409
Other revenue	167,055	-	167,055
Unrealized gain on interest rate cap	436,842	-	436,842
Interest income	8,616	-	8,616
Net assets released from restrictions, satisfaction of program restrictions	771,022	(771,022)	-
Total revenue and support	58,773,284	795,892	59,569,176
Expenses:			
Program services:			
Child development	28,529,711	-	28,529,711
Community services	8,675,773	-	8,675,773
Charter high school	3,429,510	-	3,429,510
Housing and other real estate	11,791,723	-	11,791,723
Total program services	52,426,717	-	52,426,717
Supporting services			
Management and general	6,848,443	-	6,848,443
Fundraising and development	248,683	-	248,683
Total supporting services	7,097,126	-	7,097,126
Total expenses	59,523,843	-	59,523,843
Total change in net assets	\$ (750,559)	\$ 795,892	\$ 45,333

See accompanying notes to consolidated financial statements.

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

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31,

2023

	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	\$ 13,488,662	\$ 4,207,957	\$ 1,637,703	\$ 1,941,072	\$ 2,991,103	\$ 241,006	\$ 24,507,503
Payroll taxes and benefits	3,595,552	876,725	498,078	483,568	614,635	33,013	6,101,571
Temporary staffing	1,468,937	11,381	-	18,920	22,129	-	1,521,367
Childcare expenses	4,268,092	-	-	-	-	-	4,268,092
Non-personnel in-kind (miscellaneous supplies)	2,648,868	-	-	-	-	-	2,648,868
Consultants and sub-contractors	291,246	1,191,433	305,708	431,772	1,209,980	51,647	3,481,786
Maintenance and repairs	596,349	111,478	100,935	1,708,023	73,886	3,176	2,593,847
Utilities	342,372	99,716	134,336	1,578,531	48,698	5,185	2,208,838
Space rental, net of sub-lease rental revenue	866,813	191,310	526	-	6,365	-	1,065,014
Other expenses	409,321	312,653	122,991	446,853	570,256	39,090	1,901,164
Telephone	445,083	81,081	35,927	91,773	80,886	2,696	737,446
Janitorial and cleaning	684,120	69,483	4,970	85,225	32,785	6,111	882,694
Travel and transportation	820,850	126,296	26,121	88,966	115,418	2,589	1,180,240
Food and nutrition	870,792	146,853	124	574	34,623	1,674	1,054,640
Supplies	1,296,439	525,385	164,937	53,481	110,265	168	2,150,675
Insurance and property taxes	321,853	90,994	47,683	647,298	45,579	1,389	1,154,796
Accounting and legal	7,410	1,350	11,850	208,280	515,346	-	744,236
Interest	160,008	28,810	78,330	2,680,504	82,028	4,844	3,034,524
Loss on abandoned projects	-	-	-	3,402,900	-	-	3,402,900
Depreciation and amortization	1,497,248	231,734	178,293	2,734,133	231,813	8,141	4,881,362
	\$ 34,080,015	\$ 8,304,639	\$ 3,348,512	\$ 16,601,873	\$ 6,785,795	\$ 400,729	\$ 69,521,563

See accompanying notes to consolidated financial statements.

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

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31,

2022

	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	\$ 12,418,555	\$ 4,104,884	\$ 1,631,387	\$ 1,600,911	\$ 2,886,510	\$ 90,477	\$ 22,732,724	
Payroll taxes and benefits	3,678,219	1,004,216	465,591	532,494	549,608	16,589	6,246,717	
Temporary staffing	916,285	53,673	218	7,114	33,985	-	1,011,275	
Childcare expenses	3,272,964	-	-	-	-	-	3,272,964	
Non-personnel in-kind (miscellaneous supplies)	1,442,960	36,400	-	-	-	-	1,479,360	
Consultants and sub-contractors	154,795	1,090,131	346,959	65,186	1,145,640	64,984	2,867,695	
Maintenance and repairs	562,415	217,775	87,178	1,224,246	109,082	7,809	2,208,505	
Utilities	318,431	81,343	109,232	1,201,158	34,263	2,726	1,747,153	
Space rental, net of sub-lease rental revenue	913,585	182,635	4,468	70,599	6,360	-	1,177,647	
Other expenses	105,555	338,707	146,677	826,105	1,074,822	37,440	2,529,306	
Telephone	377,574	92,609	29,640	103,031	76,644	2,125	681,623	
Janitorial and cleaning	621,104	80,207	18,445	60,759	30,701	3,719	814,935	
Travel and transportation	556,853	169,373	27,222	47,855	110,679	3,991	915,973	
Food and nutrition	765,058	167,413	-	511	18,344	-	951,326	
Supplies	1,086,489	673,913	198,339	67,118	102,633	5,816	2,134,308	
Insurance and property taxes	301,096	87,167	47,380	537,317	43,034	561	1,016,555	
Accounting and legal	9,540	11,105	51,890	230,680	390,909	-	694,124	
Interest	164,640	24,564	66,784	2,388,807	163,094	4,130	2,812,019	
Depreciation and amortization	863,593	259,658	198,100	2,827,832	72,135	8,316	4,229,634	
	\$ 28,529,711	\$ 8,675,773	\$ 3,429,510	\$ 11,791,723	\$ 6,848,443	\$ 248,683	\$ 59,523,843	

See accompanying notes to consolidated financial statements.

METROPOLITAN AREA ADVISORY COMMITTEE ON ANTI-POVERTY OF SAN DIEGO, INC. AND AFFILIATES
(A NONPROFIT CALIFORNIA CORPORATION)
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	<u>Without Donor Restrictions</u>			<u>Total</u>
	<u>General</u>	<u>Noncontrolling Interests in Affiliates</u>	<u>With Donor Restrictions</u>	
Balance, December 31, 2021	\$ 24,664,157	\$ 12,897,515	\$ 778,728	\$ 38,340,400
Change in net assets	1,604,244	(2,354,803)	795,892	45,333
Balance, December 31, 2022	26,268,401	10,542,712	1,574,620	38,385,733
Change in net assets	4,558,322	(2,392,280)	(580,514)	1,585,528
Syndication costs	-	(118,259)	-	(118,259)
Contributions	-	4,686,637	-	4,686,637
Balance, December 31, 2023	\$ 30,826,723	\$ 12,718,810	\$ 994,106	\$ 44,539,639

See accompanying notes to consolidated financial statements.

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

(A NONPROFIT CALIFORNIA CORPORATION)
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 1,585,528	\$ 45,333
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	4,861,069	4,209,341
Amortization	20,293	20,293
Amortization debt issuance costs	201,960	114,148
Equity in earnings of joint ventures	(168,683)	(161,759)
Losses on abandoned projects	3,402,899	-
Unrealized gain on interest rate cap	-	(436,842)
Loss on partnership deconsolidation	386,868	-
Changes in operating assets and liabilities:		
Accounts receivable	(1,415,945)	828,611
Due from related parties	(502,242)	-
Employee retention credit receivable	(3,313,512)	-
Prepaid expenses	(100,759)	(272,493)
Other current assets	(21,981)	71,611
Operating lease right-of-use asset	343,247	1,049,635
Accounts payable and accrued expenses	(654,180)	1,008,617
Accrued interest payable	(1,332,599)	736,921
Operating lease liability	(179,343)	(920,206)
Deferred revenues	1,992,290	446,547
Due to related parties	727	71,267
Other liabilities	301,537	(107,134)
Net cash provided by operating activities	5,407,174	6,703,890
Cash flows from investing activities:		
Expenditures for rental property, property and equipment	(4,195,158)	(15,597,726)
Expenditures for project predevelopment costs	(3,738,666)	-
Proceeds from investments in partnership	54,414	-
Fees and permits receivable	(877,019)	-
Proceeds from (investments in) San Diego County Investment Pool	(419,076)	33,866
Net cash used in investing activities	(9,175,505)	(15,563,860)
Cash flows from financing activities:		
Expenditures for deferred costs	(35,862)	(454,667)
Expenditures for syndication costs	(118,259)	-
Expenditures for debt issuance costs	(703,365)	(891,373)
Proceeds from line of credit	4,000,000	-
Payments of notes payable	(21,699,382)	(6,280,138)
Proceeds from notes payable	26,626,383	13,208,764
Contributions from noncontrolling interests	4,686,637	-
Net cash provided by financing activities	12,756,152	5,582,586
Net change in cash, cash equivalents and restricted cash	8,987,821	(3,277,384)
Cash, cash equivalents, and restricted cash, beginning of year	10,495,485	13,772,869
Cash, cash equivalents, and restricted cash, end of year	\$ 19,483,306	\$ 10,495,485

See accompanying notes to consolidated financial statements.

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

(A NONPROFIT CALIFORNIA CORPORATION)
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

2023

2022

Supplemental disclosure of cash flow information:

Cash paid for interest, net of \$0 and \$1,460,055 of capitalized interest in
2023 and 2022, respectively

\$ 4,291,525 \$ 1,960,950

Supplemental disclosure of non-cash investing and financing activities:

Accrued development costs	\$ 1,894,644	\$ 757,026
Initial recognition of right-of-use asset	\$ -	\$ 5,278,315
Initial recognition of lease liability	\$ -	\$ (6,923,996)
Write-off deferred lease payable for adoption of ASC 842	\$ -	\$ 1,717,155
Write-off prepaid lease expenses for adoption of ASC 842	\$ -	\$ (71,474)

The following is a summary of accounts removed from the beginning balances due to the deconsolidation
Beyer, LP (see Note 1).

Real estate under development	\$ 7,764,047	\$ -
Deferred costs	891,539	-
Construction payable	(814,940)	-
Note payable, net	(7,352,165)	-
Accrued interest	(38,550)	-
Due to related party	(63,063)	-
Loss on partnership deconsolidation	(386,868)	-
	\$ -	\$ -

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

Cash and cash equivalents	\$ 6,598,871	\$ 5,502,906
Restricted Cash	12,884,435	4,992,579
Cash, cash equivalents and restricted cash	\$ 19,483,306	\$ 10,495,485

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, 2023 AND 2022

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.
- 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 2025.
- 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 2025.
- 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 2025.

MAAC is the controlling general partner of five 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.
- 4132 Beyer, L.P. (Beyer) 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 commenced in August 2022 and is expected to be completed in August 2024. See below for discussion of deconsolidation.

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- 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.
- San Martin 2020, LP, a California Limited Partnership (San Martin), owns and manages a 116 unit apartment project in the City of Spring Valley, San Diego County, California, consisting of affordable rental housing.

As of December 31, 2022, MAAC consolidated Beyer's accounts. Effective January 1, 2023, the partnership agreement was amended resulting in MAAC no longer having controlling or limited partnership interests. As a result, MAAC deconsolidated the accounts of Beyer as of December 31, 2023, and MAAC's interest in Beyer is accounted for under the equity method of accounting. The deconsolidation resulted in a loss of approximately \$445,000 that is included in equity in earnings (losses) of joint ventures in the accompanying 2023 consolidated statement of activities.

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.

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 requires 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

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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 the resource was restricted has been fulfilled, or both. As of December 31, 2023 and 2022, there were net assets with donor restrictions of \$994,106 and \$1,574,620, respectively.

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 expenses. Expenses that are directly attributable to a specific functional classification are reported as expenses in those functional areas and shared general and administrative expenses that benefit multiple functional areas are allocated among the various functions. 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). The allocation methodology is periodically reviewed by management for relevancy and accuracy.

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. Amounts received prior to incurring the qualifying expenditures are presented as a liability. 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.

Rental revenues are recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the real estate projects and its tenants are operating leases. Other revenue consists of revenue from laundry, vending, tenant charges and bad debt recovery. Such other revenue is recognized when earned.

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Contributions are recognized as revenues when cash, other assets or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Any funds received in advance of a condition being met are recorded as a liability.

Employee Retention Credit The employee retention credit (ERC) was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide a per employee credit to eligible employers based on a percentage of qualified wages and health insurance benefits paid to employees retained during the COVID-19 pandemic. Employers are eligible for the refundable payroll tax credit if they experienced either a full or partial suspension of operations during any calendar quarter because of governmental orders due to the COVID-19 pandemic or a significant decline in gross receipts, as defined. The Organization filed a claim with the Internal Revenue Service and for the year ended December 31, 2023, recorded other revenue of approximately \$6,432,000 that is included in the accompanying consolidated statements of activities. In addition, the Organization received approximately \$3,118,000, which includes interest income of approximately \$130,000 and as of December 31, 2023, approximately \$3,314,000 is anticipated to be received in 2024.

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 2023 and 2022, 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 (\$927,878 and \$508,802 as of December 31, 2023 and 2022, 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.

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Interest Rate Derivative and Financial Instruments Derivative instruments (including certain derivative instruments embedded in other contracts) are recorded in the consolidated statements of financial position as an asset or liability measured at fair value. Changes in the derivative's fair value are recognized in earnings unless specific hedge accounting criteria are met. Management has determined that the Organization's derivatives do not qualify for hedge accounting, and therefore all fair value adjustments are recorded in the consolidated statements of activities.

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.

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.

County Treasury 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 Supranational, commercial paper, and certificates of deposits.

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

	2023	2022
County Treasury (Level 2)	\$ 927,878	\$ 508,802

As of December 31, 2023, the County Treasury's unrealized loss was approximately \$27,000. As of December 31, 2022, the County Treasury's unrealized loss was approximately \$13,000.

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.

Abandoned Project Losses and Receivable In late 2023, the Organization determined that a project known as Crest on Imperial was not viable due changes in the economic environment. As a result, the Organization recorded losses on abandoned projects of \$3,402,899. In addition, the Organization estimated a refund for fees and permits paid of \$877,019 that is included as a receivable in the accompanying consolidated statements of financial position as of December 31, 2023.

Property and Equipment and Rental Property Major acquisitions of property and equipment are capitalized. For new development/renovation 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 from 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.

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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 2023 or 2022.

Contributed Nonfinancial Assets The Organization recognized contributed nonfinancial assets within revenue, including services, supplies, and facilities. All contributed nonfinancial assets were utilized in the child development programs, did not have donor-imposed restrictions, and are charged to operations or capitalized, as appropriate. Contributed supplies are recorded at their estimated fair value based on cost to purchase through an unrelated retailer. Contributed facilities are recorded at their estimated fair value based on market rates for comparable property. A substantial amount of services were 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. Contributed professional services are reported at the estimated fair value based on current rates for similar services.

Contributed nonfinancial assets recognized with the consolidated statements of activities included the following as of December 31:

	2023	2022
Services	\$ 2,497,333	\$ 1,251,375
Supplies	69,958	106,593
Facilities	124,992	124,992
Contributed nonfinancial assets	\$ 2,692,283	\$ 1,482,960

Concentration of Business and Credit Risk The Organization's cash and cash equivalents are maintained in more than one financial institution. The Organization maintains the majority of their cash and cash equivalents at major financial institutions in the United States, and deposits with these financial institutions may exceed the amount of insurance provided on such deposits; however, the Organization regularly monitors the financial stability of these financial institutions and believes the Organization is not currently exposed to any significant default risk with respect to their deposits.

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.

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

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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, 2023 and 2022, MAAC had one federal grant that accounted for 88% and 88%, respectively, of its federal awards (Schedule IV). During the years ended December 31, 2023 and 2022, five programs accounted for approximately 87% and 77%, respectively, of total accounts receivable. In addition, during 2023 and 2022, the real estate projects received \$1,773,470 and \$1,451,845, respectively, in rental revenue subsidies.

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 2019. 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.

New Accounting Standards Effective January 1, 2023, MAAC adopted FASB ASC 326, Financial Instruments – Credit Losses, (“ASC 326”), which requires certain financial assets to be measured at amortized cost net of an allowance for estimated credit losses that are expected to occur over the remaining life of the asset using historical experience, current conditions, and reasonable and

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supportable forecasts about collectability, such that the assets must be presented in the financial statements at the net amount expected to be collected. MAAC adopted ASC 326, using the modified retrospective approach with January 1, 2023, as the date of initial adoption, which did not result in any adjustment to the MAAC's consolidated financial statements.

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

2. DEFERRED COSTS

The costs incurred to pay for TCAC fees and obtain an interest rate cap have been capitalized and consist of the following:

	2023	2022
TCAC fees, net	\$ 141,111	\$ 168,542
Interest rate cap – fair value (Level 2)	-	848,509
	\$ 141,111	\$ 1,017,051

The interest rate cap expires in October 2024. Management has obtained the above values from a third-party valuation firm who specializes in derivative products and debt market consulting. The valuation uses the Black-Scholes option pricing model. The volatility inputs used in the model are taken from market sources and the dollar value output from the model represents the potential over the options life (in dollar terms) that the index exceeds the strike (Level 2 inputs). Due to the change in ownership of Beyer, the Organization's consolidated financial statements no longer include and interest rate cap.

3. 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:

	2023	2022
Financial assets at year end:		
Cash and cash equivalents	\$ 6,598,871	\$ 5,502,906
Accounts receivable	8,490,233	2,883,787
Restricted cash (current and non-current)	12,884,445	4,992,579
Investments-County Treasury	927,878	508,802
Less: unavailable restricted cash for general expenditures due to:		
Contractual lender and regulatory restrictions	(11,941,295)	(4,057,733)
Donor restricted net assets	(1,031,156)	(1,574,620)
Financial assets available to meet general expenditures within one year	\$ 15,928,976	\$ 8,255,721

The Organization 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, the Organization must maintain sufficient resources to meet their

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responsibilities under those agreements. As a result, financial assets may not be available for general expenditures within one year. As part of the Organization'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 the Organization's liquidity management plan, MAAC entered into a line of credit agreement facility. The amount available for borrowing as of December 31, 2023 and 2022 was \$8,000,000 and \$1,000,000, respectively.

4. 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:

	2023	2022
Replacement reserves	\$ 1,854,598	\$ 1,495,644
Operating reserves	1,865,447	1,852,443
Seller carry back financing reserve	7,607,284	-
Impounds and escrows	1,031,590	1,104,374
Tenant security deposits	525,526	540,118
Total restricted cash	12,884,445	4,992,579
Less: current restricted cash	(1,078,677)	(1,000,000)
Total restricted cash, net of current portion	\$ 11,805,768	\$ 3,992,579

5. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2023	2022
Weatherization and Low-Income Home Energy	\$ 192,057	\$ 415,003
Head Start	1,564,169	559,375
Charter high school	526,047	360,068
Childcare food program	110,203	84,417
Pre-school	-	79,392
Recovery homes	947,515	438,172
Residential tenant rents	19,987	192,833
Property tax refunds	397,544	320,337
Economic development	449,972	477,638
Fundraising, marketing and communication	42,250	36,666
Other receivables	52,834	49,331
Total accounts receivable	4,302,578	3,013,232
Less: allowance for doubtful accounts	(2,876)	(129,445)
Accounts receivable, net	\$ 4,299,702	\$ 2,883,787

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6. PROPERTY AND EQUIPMENT

The following schedule includes MAAC wholly owned real estate (MAAC Real Estate), controlled Affiliates that own and operate low income housing projects, construction in progress (predevelopment) costs, and property to provide social services and administrative offices as of December 31, 2023 and 2022:

	2023	2022
<u>Rental Property:</u>		
Buildings and improvements	\$ 87,096,841	\$ 85,033,557
Land and land improvements	14,430,482	16,828,095
Furniture, fixtures and equipment	8,039,432	7,850,589
Construction-in-progress	39,941,474	45,143,554
Total rental property	149,508,229	154,855,795
<u>Property and equipment - Administrative, child development and social services:</u>		
Land and land improvements	2,908,988	2,908,988
Right of use assets	3,693,282	3,543,583
Buildings and improvements	28,815,740	25,189,147
Vehicles	2,027,938	1,656,633
Construction-in progress	75,463	2,162,100
Total Property and equipment - Administrative, child development and social services	37,521,411	35,460,451
Total rental property and property and equipment	187,029,640	190,316,246
Less: accumulated depreciation	(68,257,037)	(63,449,452)
Rental property and property and equipment, net	\$ 118,772,603	\$ 126,866,794

7. LINE OF CREDIT

On November 6, 2023, MAAC entered into a \$8,000,000 line of credit with California Bank and Trust with interest only payments due monthly at the higher of 5.00% or 250 basis points above American Interbank Offered Rate Term-30 rate (5.44% as of December 31, 2023), as defined, through November 6, 2027. As of December 31, 2023, there was a \$4,000,000 balance.

On November 6, 2023, MAAC entered into a \$2,000,000 line of credit with California Bank & Trust with interest only payments due monthly at the higher of 5.00% or 250 basis points above American Interbank Offered Rate Term-30 rate (5.44% as of December 31, 2023), as defined, through November 6, 2025. As of December 31, 2023, there was a \$0 balance.

On May 22, 2023, MAAC entered into a \$2,000,000 line of credit agreement with East West Bank with interest only payments due monthly at the higher of 7.50% or Prime Rate, as defined, through May 16, 2024. As of December 31, 2023, there was a \$0 balance. This line of credit was not renewed.

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MAAC had 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 (7.50% as of December 31, 2022). As of December 31, 2022, there was a \$0 balance. This line of credit was not renewed.

8. NOTES PAYABLE

Notes payable consist of the following:

	2023	2022
<u>MAAC and MAAC Wholly Owned Real Estate (MAAC Real Estate)</u>		
<u>Fixed Interest Rate Loans, Paid Monthly/Annually</u>		
Notes payable to various entities, secured by deeds of trust, interest accrues at rates ranging from 2.43% - 8.25% with monthly payments of principal and interest. All unpaid principal and interest are due at various dates from 2025 to 2038.	\$ 24,825,002	\$ 26,717,263
<u>Variable Interest Rate Loans, Paid Monthly/Annually</u>		
Notes payable to various entities, secured by deeds of trust, interest accrues at variable rates between 4.30% - 9.31% as of December 31, 2023, with total monthly payments of principal and interest. All unpaid principal and interest are due at various dates from 2024 to 2025.	7,200,000	7,103,284
<u>Fixed Interest Soft Debt Loan with Simple Interest, Paid from Cash Flow</u>		
Notes payable to various entities, simple interest of 3.00% - 6.00%, with interest and principal payments due from specific project cash flow and/or at maturity. All unpaid principal and interest are due at various dates from 2047 to 2054.	3,945,027	5,126,191
<u>Zero interest Soft Debt Loan, Paid From Cash Flow</u>		
Note payable to Bank of America Community Development Bank, zero interest, with principal payments due from specific project cash flow and/or at maturity. No principal payments are due.	1,472,000	1,472,000
Total MAAC and MAAC Real Estate	37,442,029	40,418,738

Affiliates

Fixed Interest Rate Loans, Paid Monthly/Annually

Notes payable to various entities, interest accrues at rates ranging from 3.85% - 7.22% with monthly payments of principal and interest due monthly. All unpaid principal and interest are due at various dates from 2036 to 2041.	32,598,060	35,253,009
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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, 2023 AND 2022

	2023	2022
<u>Variable Rate Loans, Paid Monthly/Annually</u>		
Note payable to KeyBank National Association, a national banking association, dated August 30, 2022, in the amount of up to \$49,336,331, secured by a deed of trust (4132 Beyer). Interest accrues at a variable rate based on Daily SOFR (4.30% as of December 31, 2022) plus 2.30% per annum up to a maximum rate of 3.20% in accordance with an Interest Rate Cap Agreement in the notional amount of up to \$49,115,708 through October 1, 2024. Interest only payments are due monthly, and all unpaid principal and interest is due March 1, 2025 (see Note 1).	-	4,122,893
<u>Fixed Interest Soft Debt Loan with Simple interest, Paid From Cash Flow</u>		
Notes payable to various entities, simple interest of 3.00% - 4.83%, with interest and principal payments due from specific project cash flow and/or at maturity. All unpaid principal and interest are due at various dates from 2062 to 2081.	5,472,336	9,492,336
<u>Fixed Interest Soft Debt Loan, Payable From Cash Flow</u>		
Note payable to the County of San Diego, Department of Housing and Community Development (the SD County Loan), secured by a deed of trust. The note accrues interest at 4.83% compounded annually. Payments to be made on an annual basis from Residual Receipts, as defined, and all principal and unpaid interest are due on November 17, 2078.	1,481,237	-
<u>Variable Construction Loans</u>		
Notes payable to Citibank, N.A., secured by deeds of trust, with interest accruing at variable rates ranging from 6.53% to 7.18% with monthly payments of interest. All unpaid interest and principal are due at various dates from 2026 to 2054. The loans are expected to be converted to permanent loans, repaid from limited partner contributions or repaid from other permanent loans.	9,077,425	-
<u>Forgivable Soft Loan</u>		
AHP Note payable to Mississippi Valley Life Insurance Company in the amount of \$252,000, secured by a deed of trust. The note is non-interest bearing and will be forgiven after 19 years provided the partnership complies with the provisions of the loan agreement.	339,339	339,339
Total Affiliates	48,968,397	49,207,577
Total notes payable	86,410,426	89,626,315
Less: current portion	(8,365,221)	(3,476,860)
Less: debt issuance costs	(1,810,512)	(2,099,832)
Total notes payable, net of current portion	\$ 76,234,693	\$ 84,049,623

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Future principal payments of notes payable as of December 31, 2023 are due as follows:

Year Ending December 31,	MAAC	Affiliates	Total
2024 (a)	\$ 7,930,323	\$ 434,898	\$ 8,365,221
2025	18,106,087	461,598	18,567,685
2026	471,006	9,562,655	10,033,661
2027	225,876	510,104	735,980
2028	-	532,091	532,091
Thereafter	10,708,737	37,467,051	48,175,788
	<u>\$ 37,442,029</u>	<u>\$ 48,968,397</u>	<u>\$ 86,410,426</u>

(a) Modeled to reflect expected repayment of the taxable and tax-exempt principal balances. The expected repayments are to be sourced from capital contributions.

For the years ended December 31, 2023 and 2022, the Organization incurred interest expense of \$3,034,524 and \$2,812,019, respectively. Amortization of the debt issuance costs of \$202,957 and \$114,148 has been included in interest expense for 2023 and 2022, respectively.

9. GROUND LEASE

Seniors on Broadway, entered into a ground lease agreement on March 1, 2005 (Ground Lease) with the Chula Vista Elementary School District (the District). The rent commencement date is the first day of the first month after the date Seniors on Broadway achieves 90.00% or more occupancy, but in no event later than twenty-four months from March 1, 2005. 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.

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 thirteen through the remaining term of the lease, the annual payment shall increase by 2.50%. As of December 31, 2023, and 2022, the Seniors on Broadway owes \$438,266 and \$370,381 of ground lease payments, respectively.

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 6.00%. As a result of an amendment in February 2024, all accrued and unpaid amounts are due and payable to the District no later than May 31, 2025.

The exercise of lease renewal options is at Seniors on Broadway's sole discretion. The lease renewal terms were not recognized as part of the Organization's ROU asset and lease liabilities as the options to renew were not reasonably certain. At the adoption date, the remaining lease term for Seniors on Broadway, LP's operating lease is approximately 77 years. The ROU asset and lease liability were calculated utilizing the risk-free discount rate of 2.05%, according to Seniors on Broadway's elected policy.

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

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DECEMBER 31, 2023 AND 2022

As of December 31, 2023 and 2022, the operating lease right-of-use asset and operating lease liability was \$2,269,248 and \$4,163,946, respectively. As of December 31, 2022, the operating lease right-of-use asset and operating lease liability was \$2,298,587 and \$4,137,628, respectively.

The lease provides for annual rental payments, which range from \$66,229 to \$284,287. During the year ended December 31, 2023, amortization related to the ROU assets and accretion of lease liabilities amounted to \$29,339 and \$92,547, respectively, and are accounted for as part of lease expense in the accompanying consolidated statement of activities. During the year ended December 31, 2022, amortization related to the ROU assets and accretion of lease liabilities amounted to \$29,868 and \$92,018, respectively, and are accounted for as part of lease expense in the accompanying consolidated statements of activities.

As of December 31, 2023, the future minimum payments under the non-cancelable ground lease is as follows:

Year	Amount
2024	\$ 203,696
2025	71,322
2026	73,105
2027	74,933
2028	76,806
Thereafter	8,652,369
Total lease payments	9,152,231
Less: imputed interest	(4,917,297)
Present value of lease liability	\$ 4,234,934

During 2023 and 2022, Seniors on Broadway made no payments related to the ground lease.

10. MAAC OPERATING LEASES

MAAC occupies facilities under operating lease agreements which expire through October 2028. Rent expense was \$2,137,173 and \$2,066,114 for the years ended December 31, 2023 and 2022, respectively.

As of December 31, 2023, the remaining lease term for MAAC's operating leases range from 1 to 5 years. The ROU asset and lease liability were calculated utilizing risk-free discount rate with a range from 1.37% to 2.00%, according to MAAC's elected policy.

As of December 31, 2023 and 2022, the operating lease right-of-use asset was \$2,153,336 and \$2,815,618, respectively, and operating lease liability was \$886,722 and \$1,839,212, respectively.

During the years ended December 31, 2023 and 2022, amortization related to the ROU assets amounted to \$938,860 and \$1,050,056, respectively, and accretion of lease liabilities amounted to \$28,794 and \$32,969 respectively and are accounted for as part of lease expense in the accompanying consolidated statements of activities.

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, 2023 AND 2022

As of December 31, 2023, the future minimum payments under the non-cancelable operating lease is as follows:

Year		Amount
2024	\$	1,252,063
2025		687,088
2026		182,891
2027		36,172
2028		23,553
Thereafter		-
Total lease payments		2,181,767
Less: imputed interest		(13,045)
Present value of lease liability	\$	2,168,722

11. INDIRECT COSTS

MAAC was granted an indirect cost rate of 12.0% by the U.S. Department of Health and Human Services, MAAC's federal cognizant agency, for the years ended December 31, 2023 and 2022.

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 \$16,883 and \$16,391, respectively, and as of December 31, 2023 and 2022, \$16,882 and \$16,390, respectively, remains unpaid.

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

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In accordance with the Partnership Agreement for Villa Lakeshore 2020 LP, the Limited Partner is entitled to an annual Asset Management Fee of \$7,500, increasing 3.00% annually and is payable from Cash Flow, as defined. If Cash Flow in any year is insufficient to pay the full amount of the Asset Management Fee, the unpaid balance shall accrue with interest at 8.00%, compounded annually. During 2023 and 2022, the Partnership was charged total Asset Management Fees of \$7,960 and \$7,728, respectively, of which \$14,888 and \$14,653 remains unpaid as of December 31, 2023 and 2022, respectively.

Affiliate Advances In association with the construction of the project for 4132 Beyer LP, the Administrative General partner advanced funds to the partnership for short-term cash needs. The advances are unsecured, non-interest bearing and due on demand. As of December 31, 2023 and 2022, \$82 and \$63,063, respectively, remains unpaid.

Development Fee Income In association with the construction of the project for 4132 Beyer LP, MAAC is to receive a development fee income of \$2,200,000 for services rendered. Fifty percent of the development fee income will be paid to Beyer's co-general partner. During 2023, MAAC earned development fee income of approximately \$500,000 included in contractual services revenue in the accompanying consolidated statement of activities, which is unpaid as of December 31, 2023.

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

As of December 31, 2023 and 2022, 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 2023 and 2022, MAAC recognized grant revenue of \$162,079 and \$162,079, respectively, and losses of \$8,256 and \$320, respectively, in its share of Comm 22 LLCs' net loss. As of December 31, 2023 and 2022, MAAC has an investment balance of \$1,296,052 and \$1,142,229, respectively, in the Comm 22 LLCs.

MAAC entered into unconsolidated joint ventures with CRP to develop approximately 228 affordable housing units in the City of San Diego, California. In connection with these ventures, MAAC recorded and received no fees during 2023 and 2022, respectively.

**METROPOLITAN AREA ADVISORY COMMITTEE ON
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DECEMBER 31, 2023 AND 2022

15. 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, 2023, the transfer had not yet occurred. As of December 31, 2023 and 2022, the Charter High School had total assets of approximately \$2,400,000 and \$1,600,000, respectively, net assets of \$327,000 and \$1,048,000, respectively, and revenues of \$3,800,000 and \$2,900,000, respectively.

16. 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.

SUPPLEMENTARY INFORMATION

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

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

	MAAC		MAAC				2023	
	MAAC	Real Estate	Eliminations	Sub-Total	Affiliates	Eliminations	Consolidated Balance	
Assets								
Current assets:								
Cash and cash equivalents	\$ 7,082,626	\$ 1,877,703	\$ (2,758,643)	\$ 6,201,686	\$ 397,185	\$ -	\$ 6,598,871	
Accounts receivable, net of allowance for doubtful accounts of \$2,876 and \$129,445	3,833,055	247,601	-	4,080,656	219,046	-	4,299,702	
Fees and permits receivable	877,019	-	-	877,019	-	-	877,019	
Employee retention credit receivable	3,313,512	-	-	3,313,512	-	-	3,313,512	
Restricted cash	-	1,000,000	-	1,000,000	78,677	-	1,078,677	
Prepaid expenses	607,583	143,042	-	750,625	199,888	-	950,513	
Other current assets	318,768	-	-	318,768	-	-	318,768	
Total current assets	16,032,563	3,268,346	(2,758,643)	16,542,266	894,796	-	17,437,062	
Other assets:								
Rental property, net of accumulated depreciation	14,612,911	32,229,704	-	46,842,615	60,505,860	(10,657,943)	96,690,532	
Property and equipment, net of accumulated depreciation	16,090,100	5,991,971	-	22,082,071	-	-	22,082,071	
Operating lease right-of-use asset	2,153,336	-	(541,910)	1,611,426	2,274,007	-	3,885,433	
Investments	3,413,152	(2,077)	(50,197,037)	(46,785,962)	-	48,970,338	2,184,376	
Due from related parties	15,202,734	36,310,149	(8,722,557)	42,790,326	-	(42,270,139)	520,187	
Other long-term receivables	62,774	12,597,138	(12,597,138)	62,774	-	-	62,774	
Rental property held-for-sale	-	-	-	-	-	-	-	
Restricted cash	73,694	2,428,386	-	2,502,080	9,303,678	-	11,805,758	
Deferred costs, net	-	-	-	-	141,111	-	141,111	
Deposits and other assets	17,967	4,685	-	22,652	-	-	22,652	
Total assets	\$ 67,659,231	\$ 92,828,302	\$ (74,817,285)	\$ 85,670,248	\$ 73,119,452	\$ (3,957,744)	\$ 154,831,956	
Liabilities and Net Assets								
Current liabilities:								
Accounts payable and accrued expenses	\$ 3,995,188	\$ 1,860,266	\$ (1,852,308)	\$ 4,003,146	\$ 259,932	\$ 51,346	\$ 4,314,424	
Current portion of accrued interest payable	30,416	208,583	-	238,999	135,268	-	374,267	
Current portion of notes payable	3,786,624	4,143,699	-	7,930,323	434,898	-	8,365,221	
Current portion of operating lease liability	1,252,063	-	-	1,252,063	-	-	1,252,063	
Deferred revenues	3,103,846	819	-	3,104,665	-	-	3,104,665	
Total current liabilities	12,168,137	6,213,367	(1,852,308)	16,529,196	830,098	51,346	17,410,640	
Operating lease liability	886,722	-	(549,272)	337,450	4,234,934	-	4,572,384	
Line of credit	4,000,000	-	-	4,000,000	-	-	4,000,000	
Accrued interest payable, net of current portion	-	4,938,692	-	4,938,692	6,906,494	(4,695,956)	7,149,230	
Notes payable, net of current portion and unamortized debt issuance costs	2,205,982	27,252,744	(12,597,138)	16,861,588	86,562,223	(27,189,118)	76,234,693	
Due to related parties	4,290,746	5,338,146	(9,628,892)	-	10,407,405	(10,375,635)	31,770	
Other liabilities	286,371	177,372	-	463,743	429,857	-	893,600	
Total liabilities	23,837,958	43,920,321	(24,627,610)	43,130,669	109,371,011	(42,209,363)	110,292,317	

See independent auditor's report.

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

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

(Continued)

	MAAC	MAAC Real Estate	Eliminations	Sub-Total	Affiliates	Eliminations	2023 Consolidated Balance
Net assets:							
Without donor restrictions:							
Undesignated	42,827,167	48,907,981	(50,189,675)	41,545,473	-	(10,718,750)	30,826,723
Controlling interest in Affiliates	-	-	-	-	(48,970,369)	48,970,369	-
Noncontrolling interest in Affiliates	-	-	-	-	12,718,810	-	12,718,810
With donor restrictions	994,106	-	-	994,106	-	-	994,106
Total net assets	43,821,273	48,907,981	(50,189,675)	42,539,579	(36,251,559)	38,251,619	44,539,639
Total liabilities and net assets	\$ 67,659,231	\$ 92,828,302	\$ (74,817,285)	\$ 85,670,248	\$ 73,119,452	\$ (3,957,744)	\$ 154,831,956

See independent auditor's report.

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

 (A NONPROFIT CALIFORNIA CORPORATION)
 CONSOLIDATING STATEMENT OF ACTIVITIES

	MAAC		MAAC	Eliminations	Sub-Total	Affiliates	Eliminations	2023 Consolidated Balance
	MAAC	Real Estate						
Revenue and support:								
Contract revenue	\$ 40,959,569	\$ -	\$ -	\$ -	\$ 40,959,569	\$ -	\$ -	\$ 40,959,569
Contributions of cash and other financial assets	1,235,594	-	-	-	1,235,594	-	-	1,235,594
Contributions of nonfinancial assets	2,629,569	-	-	-	2,629,569	-	-	2,629,569
Program service fees	1,944,379	-	-	-	1,944,379	-	-	1,944,379
Contractual services	4,341,253	-	(1,578,940)	2,762,313	-	(1,040,686)	1,721,627	
Developer fees - controlled entities	1,814,954	-	-	1,814,954	-	(1,814,954)	-	
Charter school - state aid, grants and donations	3,660,903	-	-	3,660,903	-	-	3,660,903	
Rental and other tenants revenues - real estate	518,300	6,236,979	(1,044,796)	5,710,483	6,362,754	-	12,073,237	
Equity in losses of joint ventures	1,251,629	-	(1,534,232)	(282,603)	-	-	(282,603)	
Special events revenue, net of \$202,391 in	233,686	-	-	233,686	-	-	233,686	
Other revenue	6,588,693	261,064	(18,324)	6,831,433	-	(22,330)	6,809,103	
Unrealized gain on interest rate cap	-	-	-	-	-	-	-	
Interest income	103,019	985,679	-	1,088,698	-	(966,671)	122,027	
Total revenue and support	65,281,548	7,483,722	(4,176,292)	68,588,978	6,362,754	(3,844,641)	71,107,091	
Expenses:								
Program services:								
Child development	34,080,015	-	-	34,080,015	-	-	34,080,015	
Community services	8,304,639	-	-	8,304,639	-	-	8,304,639	
Charter high school	3,348,512	-	-	3,348,512	-	-	3,348,512	
Housing and other real estate	7,253,297	5,766,867	(2,770,278)	10,249,886	8,755,260	(2,403,273)	16,601,873	
Total program services	52,986,463	5,766,867	(2,770,278)	55,983,052	8,755,260	(2,403,273)	62,335,039	
Supporting services:								
Management and general	6,785,795	-	-	6,785,795	-	-	6,785,795	
Fundraising and development	400,729	-	-	400,729	-	-	400,729	
Total supporting services	7,186,524	-	-	7,186,524	-	-	7,186,524	
Total expenses	60,172,987	5,766,867	(2,770,278)	63,169,576	8,755,260	(2,403,273)	69,521,563	
Total change in net assets	\$ 5,108,561	\$ 1,716,855	\$ (1,406,014)	\$ 5,419,402	\$ (2,392,506)	\$ (1,441,368)	\$ 1,585,528	

See independent auditor's report.

**METROPOLITAN AREA ADVISORY COMMITTEE ON ANTI-POVERTY OF SAN
DIEGO, INC. AND AFFILIATES**
(A NONPROFIT CALIFORNIA CORPORATION)
STATEMENTS OF FINANCIAL POSITION-MAAC STAND ALONE

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,082,626	\$ 1,766,359
Accounts receivable, net of allowance	3,833,055	2,500,062
Fees and permits receivable	877,019	-
Employee retention credit receivable	3,313,512	-
Prepaid expenses	607,583	556,357
Other current assets	318,768	269,853
Total current assets	16,032,563	5,092,631
Other assets:		
Rental property, net of accumulated depreciation	14,612,911	15,239,207
Property and equipment, net of accumulated depreciation	16,090,100	15,933,271
Operating lease right-of-use asset	2,153,336	2,815,618
Investments	3,413,152	3,672,125
Due from related parties	15,202,734	14,744,378
Other long-term receivables	62,774	62,774
Restricted cash	73,694	-
Deposits and other assets	17,967	43,790
Total assets	\$ 67,659,231	\$ 57,603,794
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,995,188	\$ 4,670,662
Current portion of accrued interest payable	30,416	-
Current portion of notes payable	3,786,624	175,657
Current portion of operating lease liability	1,252,063	916,145
Deferred revenues	3,103,846	1,111,556
Total current liabilities	12,168,137	6,874,020
Operating lease liability	886,722	1,839,212
Line of credit	4,000,000	-
Notes payable, net of current portion and unamortized debt issuance costs	2,205,982	5,932,405
Due to related parties	4,290,746	4,223,363
Other liabilities	286,371	22,078
Total liabilities	23,837,958	18,891,078

See independent auditor's report.

**METROPOLITAN AREA ADVISORY COMMITTEE ON ANTI-POVERTY OF SAN
DIEGO, INC. AND AFFILIATES**
(A NONPROFIT CALIFORNIA CORPORATION)
STATEMENTS OF FINANCIAL POSITION-MAAC STAND ALONE

	2023	2022
Net assets:		
Without donor restrictions:		
Undesignated	42,827,167	37,138,096
With donor restrictions	994,106	1,574,620
Total net assets	43,821,273	38,712,716
Total liabilities and net assets	\$ 67,659,231	\$ 57,603,794

See independent auditor's report.

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

(A NONPROFIT CALIFORNIA CORPORATION)
STATEMENTS OF ACTIVITIES-MAAC STAND ALONE

	2023	2022
Revenue and support:		
Contract revenue	\$ 40,959,569	\$ 38,843,331
Contributions of cash and other financial assets	1,235,594	1,745,822
Contributions of nonfinancial assets	2,629,569	1,482,960
Program service fees	1,944,379	1,858,364
Contractual services	4,341,253	3,620,880
Developer fees - controlled entities	1,814,954	-
Charter school - state aid, grants and donations	3,660,903	2,758,831
Rental and other tenants revenues - real estate	518,300	469,418
Equity in earnings of joint ventures	1,251,629	1,954,502
Special events revenue, net of \$202,391 and \$74,528 in expenses in 2023 and 2022, respectively	233,686	156,409
Other revenue	6,588,693	59,868
Interest income	103,019	5,851
Total revenue and support	65,281,548	52,956,236
Expenses:		
Program services:		
Child development	34,080,015	28,529,711
Community services	8,304,639	8,724,493
Charter high school	3,348,512	3,429,510
Housing and other real estate	7,253,297	3,213,272
Total program services	52,986,463	43,896,986
Supporting services:		
Management and general	6,785,795	6,870,987
Fundraising and development	400,729	250,783
Total supporting services	7,186,524	7,121,770
Total expenses	60,172,987	51,018,756
Total change in net assets	\$ 5,108,561	\$ 1,937,480

See independent auditor's report.

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

(A NONPROFIT CALIFORNIA CORPORATION)
STATEMENT OF CASH FLOWS-MAAC STAND ALONE

FOR THE YEAR ENDED DECEMBER 31,

2023

Cash flows from operating activities:	
Change in net assets	\$ 5,108,561
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	1,902,529
Equity in losses in joint ventures	258,973
Losses on abandoned projects	3,402,899
Changes in operating assets and liabilities:	
Accounts receivable	(1,332,993)
Due from related parties	(458,356)
Employee retention credit receivable	(3,313,512)
Prepaid expenses	(51,226)
Other current assets	(23,092)
Operating lease right-of-use asset	662,282
Accounts payable and accrued expenses	(675,478)
Accrued interest payable	30,416
Operating lease liability	(616,572)
Deferred revenues	1,992,290
Due to related parties	67,383
Other liabilities	264,293
Net cash provided by operating activities	7,218,397
Cash flows from investing activities:	
Expenditures for rental property, property and equipment	(1,097,295)
Expenditures for project predevelopment costs	(3,738,666)
Fees and permits receivable	(877,019)
Cash used in investing activities	(5,712,980)
Cash flows from financing activities:	
Proceeds from line of credit	4,000,000
Payments of notes payable	(115,456)
Net cash provided by financing activities	3,884,544
Net change in cash, cash equivalents and restricted cash	5,389,961
Cash, cash equivalents, and restricted cash, beginning of year	1,766,359
Cash, cash equivalents, and restricted cash, end of year	\$ 7,156,320

See accompanying notes to consolidated financial statements.

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

(A NONPROFIT CALIFORNIA CORPORATION)
STATEMENT OF CASH FLOWS-MAAC STAND ALONE

FOR THE YEARS ENDED DECEMBER 31, 2023

Supplemental disclosure of cash flow information:

Cash paid for interest	\$	246,786
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Cash, cash equivalents, and restricted cash is as follows:

Cash and cash equivalents	\$	7,082,626
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Restricted cash		73,694
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Cash, cash equivalents and restricted cash	\$	7,156,320
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See accompanying notes to consolidated financial statements.

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

(A NONPROFIT CALIFORNIA CORPORATION)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2023

Federal/Pass-Through Grantor and Program Title	Federal Assistance Listing 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 Cluster- Basic Grant 2023	93.600	09CH01074605	\$ 30,696,754	\$ -
Head Start Cluste- Basic Grant 2022	93.600	09CH01074604	512,238	-
Head Start Cluster- HET Funding 2023	93.600	09HE00030101-C6	971,993	-
Head Start Cluster- CCP II COVID Grant 2022 - 2023	93.600	09HP00013003	210,775	-
Pass-through California Department of Education				
Child Care and Development Block Grant Cluster	93.575	CSPP-2442	61,352	-
Child Care and Development Block Grant Cluster	93.575	CSPP-1455	17,765	-
Pass-through the State of California Department of Community Services and Development - Low Income Home Energy Assistance Program				
LIHEAP 2023 Weatherization	93.568	23B-5031	723,314	-
LIHEAP 2023 EHA-16	93.568	23B-5031	1,242,633	-
LIHEAP 2023 Emergency Supplemental Weatherization	93.568	23J-5735	15,552	-
LIHEAP 2023 Emergency Supplemental EHA-16	93.568	23J-5735	99,116	-
LIHEAP 2022 Weatherization	93.568	22B-4031	4,848	-
LIHEAP 2022 EHA-16	93.568	22B-4031	14,143	-
LIHEAP 2022 Supplemental EHA-16	93.568	22Q-4580	13,761	-
ARPA 2021 21V-5580 EHA-16	93.568	21V-5580	214,817	-
Low-Income Household Water Assistance Program				
LIHWAP ARPA 2021	93.499	21Z-9568	467,620	-
Pass-through County of San Diego Health and Human Services Drug and Alcohol Programs				
Nosotros & Casa de Milagros	93.959	553460	345,694	-
			35,612,375	-
<u>US Department of Energy</u>				
Pass-through the State of California Department of Community Services and Development				
DOE 2022 Weatherization	81.042	22C-6013	426,779	-
DOE BIL 2022 Weatherization	81.042	22P-7023	11,012	-
			437,791	-
<u>U.S. Department of Agriculture</u>				
Pass-through California Department of Education				
Child and Adult Care Food Program	10.558	37-1807-OJ	632,169	-
			632,169	-
Total expenditures of federal awards			\$ 36,682,335	\$ -

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, 2022

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, 2023. 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 Beginning January 1, 2022, MAAC has been assigned an indirect cost allocation rate of 12% by the Department of Health and Human Services.

2. AMOUNTS PROVIDED TO SUBRECIPIENTS

MAAC did not provide grant funds to subrecipients during 2023.

- SUPPLEMENTAL LIHEAP Contracts -

Metropolitan Area Advisory Committee On Anti-Poverty of San Diego County, Inc.

SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES (SSRE)

CSD CONTRACT NO. 22Q-4580 EHA-16

FOR THE PERIOD JANUARY 1, 2022 THROUGH DECEMBER 31, 2023

	1-Jan-22 through 31-Dec-22	1-Jan-23 through 31-Dec-23	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE					
Grant Revenue	\$ -	\$ 13,761	\$ 13,761		\$ 13,761
Interest Income	-	-	-		-
Total Revenue:	-	13,761	13,761		13,761
EXPENDITURES					
Assurance 16 Costs					
Assurance 16 Activities	-	2,834	2,834	2,834	2,928
Administrative Costs					
Administrative Costs	-	2,380	2,380	2,380	2,928
A-16/Administration Costs Total :	-	5,214	5,214	5,214	5,856
Program Costs ECIP HEAP					
Intake	-	3,229	3,229	3,229	4,216
Outreach	-	1,384	1,384	1,384	2,635
Training & Technical Assistance	-	654	654	654	1,054
Total Program Costs (ECIP & HEAP)	-	5,267	5,267	5,267	7,905
Program services and program costs					
Program services and program costs total	-	3,280	3,280	3,280	-
Total Expenses:	\$ -	\$ 13,761	\$ 13,761	\$ 13,761	\$ 13,761

- ARPA Contract -

Metropolitan Area Advisory Committee On Anti-Poverty of San Diego County, Inc.

SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES (SSRE)

CSD CONTRACT NO. 21V-5580 (EHA-16)

FOR THE PERIOD JANUARY 1, 2021 THROUGH DECEMBER 31, 2023

	1-Jan-21 through 31-Dec-21	1-Jan-22 through 31-Dec-22	1-Jan-23 through 31-Dec-23	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE						
Grant Revenue	\$ 98,746	\$ 1,065,241	214,817	\$ 1,378,804		\$ 1,378,804
Interest Income	-	-	-	-		-
Total Revenue:	98,746	1,065,241	214,817	1,378,804		1,378,804
EXPENDITURES						
Assurance 16 Costs						
Assurance 16 Activities	3,778	68,654	26,483	98,915	98,915	142,410
Administrative Costs						
Administrative Costs	8,731	106,394	30,698	145,823	145,823	145,827
A-16/Administration Costs Total :	12,509	175,048	57,181	244,738	244,738	288,237
Program Costs ECIP HEAP						
Intake	7,891	111,541	35,681	155,113	155,113	194,079
Outreach	5,261	54,072	15,292	74,625	74,625	121,299
Training & Technical Assistance	-	11,708	2,107	13,815	13,815	48,520
Automation Costs	977	3,514		4,491	4,491	20,000
Total Program Costs (ECIP & HEAP)	14,129	180,835	53,080	248,044	248,044	383,898
Program services and program costs						
Program services and program costs total	72,108	709,992	103,922	886,022	886,022	706,669
Program services and program costs	72,108	709,992	103,922	886,022	886,022	706,669
Total Expenses:	\$ 98,746	\$ 1,065,875	\$ 214,183	\$ 1,378,804	\$ 1,378,804	\$ 1,378,804

- LIHEAP Contracts -

Metropolitan Area Advisory Committee On Anti-Poverty of San Diego County, Inc.

SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES (SSRE)

CSD CONTRACT NO. 22B-4031 (WX)

FOR THE PERIOD JANUARY 1, 2021 THROUGH DECEMBER 31, 2023

	1-Jan-21 through 31-Dec-21	1-Jan-22 through 31-Dec-22	1-Jan-23 through 31-Dec-23	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE						
Grant Revenue	\$ 1,152	\$ 684,664	\$ 4,848	\$ 690,664		\$ 690,664
Interest Income	-	-	-	-		-
Total Revenue:	1,152	684,664	4,848	690,664		690,664
EXPENDITURES						
Weatherization Program Costs						
Intake	661	46,643	481	47,785	47,785	55,253
Outreach	440	24,629	165	25,234	25,234	34,533
Training & Technical Assistance	-	5,607	-	5,607	5,607	34,533
Weatherization Program Costs Total	1,101	76,879	646	78,626	78,626	124,319
Weatherization Program Activities And Program Costs						
Wx Program Activities and Program Costs	51	607,785	4,202	612,038	612,038	566,345
Weatherization Program Activities And Program Costs Total	51	607,785	4,202	612,038	612,038	566,345
Total Expenses:	\$ 1,152	\$ 684,664	\$ 4,848	\$ 690,664	\$ 690,664	\$ 690,664

- LIHEAP Contracts -

Metropolitan Area Advisory Committee On Anti-Poverty of San Diego County, Inc.

SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES (SSRE)

CSD CONTRACT NO. 22B-4031 (EHA-16)

FOR THE PERIOD JANUARY 1, 2021 THROUGH DECEMBER 31, 2023

	1-Jan-21 through 31-Dec-21	1-Jan-22 through 31-Dec-22	1-Jan-23 through 31-Dec-23	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE						
Grant Revenue	\$ 195	\$ 1,091,379	\$ 14,143	\$ 1,105,717		\$ 1,105,717
Interest Income	-	-	-	-		-
Total Revenue:	195	1,091,379	14,143	1,105,717		1,105,717
EXPENDITURES						
Assurance 16 Costs						
Assurance 16 Activities	-	71,849	998	72,847	72,847	140,222
Administrative Costs						
Administrative Costs	116	142,279	(2,173)	140,222	140,222	140,222
A-16/Administration Costs Total :	116	214,128	(1,175)	213,069	213,069	280,444
Program Costs ECIP HEAP						
Intake	-	75,120	1,512	76,632	76,632	134,739
Outreach	-	35,516	1,008	36,524	36,524	84,212
Training & Technical Assistance	-	20,171	-	20,171	20,171	33,685
Total Program Costs (ECIP & HEAP)	-	130,807	2,520	133,327	133,327	252,636
Program services and program costs						
Program services and program costs total	79	746,444	12,798	759,321	759,321	572,637
Total Expenses:	\$ 195	\$ 1,091,379	\$ 14,143	\$ 1,105,717	\$ 1,105,717	\$ 1,105,717



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, 2023, and the related consolidated statements of activities, functional expenses, changes in net assets, cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 12, 2024.

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.

Westlake Village, California
June 12, 2024



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, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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.

Holthouse Carlin & Van Trigt LLP

Westlake Village, California
June 12, 2024

METROPOLITAN AREA ADVISORY COMMITTEE
 (A NONPROFIT CALIFORNIA CORPORATION)
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED DECEMBER 31, 2023

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>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start Cluster
93.568	Low-Income Home Energy Assistance

Dollar threshold used to distinguish between Type A and Type B programs: \$1,100,470
 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, 2023

Finding - Financial Statement Audit

None reported

Finding – Major Federal Award Program Audit

None reported