

**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, 2024 AND 2023



**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, 2024 AND 2023
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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 Consolidated 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, 2024 and 2023, 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, 2024 and 2023, 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 Organization, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 Consolidated 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 consolidated 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 through IV 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 42-46 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 13, 2025, 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 13, 2025

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

AND AFFILIATES

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,207,633	\$ 6,598,871
Accounts receivable, net of allowance for doubtful accounts of \$2,876 and \$129,445	5,016,991	4,299,702
Fees and permits receivables	24,030	877,019
Employee retention credit receivable	3,313,512	3,313,512
Restricted cash	1,095,371	1,078,677
Prepaid expenses	1,148,362	950,513
Other current assets	314,900	318,768
Total current assets	20,120,799	17,437,062
Other assets:		
Rental property, net of accumulated depreciation	116,041,056	96,690,532
Property and equipment, net of accumulated depreciation	21,935,572	22,082,071
Operating lease right-of-use asset	3,404,712	3,885,433
Investments	2,333,827	2,184,376
Due from related parties	9,785,157	520,187
Other long-term receivables	62,770	62,774
Restricted cash	20,901,193	11,805,758
Deferred costs	174,186	141,111
Deposits and other assets	7,980	22,652
Total assets	\$ 194,767,252	\$ 154,831,956
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 4,072,228	\$ 2,419,780
Accrued construction costs	5,509,389	1,894,644
Current portion of accrued interest payable	407,782	374,267
Current portion of notes payable	955,588	8,365,221
Current portion of operating lease liability	734,138	1,252,063
Deferred revenues	3,577,581	3,104,665
Total current liabilities	15,256,706	17,410,640
Operating lease liability	4,720,134	4,572,384
Line of credit	4,000,000	4,000,000
Accrued interest payable, net of current portion	7,663,695	7,149,230
Notes payable, net of current portion and unamortized debt issuance costs	109,573,233	76,234,693
Due to related parties	29,693	31,770
Other liabilities	705,658	893,600
Total liabilities	141,949,119	110,292,317
Commitments and contingencies		
Net assets:		
Without donor restrictions:		
Undesignated	39,539,137	30,826,723
Noncontrolling interest in Affiliates	11,975,224	12,718,810
With donor restrictions	1,303,772	994,106
Total net assets	52,818,133	44,539,639
Total liabilities and net assets	\$ 194,767,252	\$ 154,831,956

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,

2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contract revenue	\$ 44,970,157	\$ -	\$ 44,970,157
Contributions of cash and other financial assets	156,730	1,582,689	1,739,419
Contributions of nonfinancial assets	3,223,580	-	3,223,580
Program service fees	1,288,110	-	1,288,110
Contractual services	5,402,517	-	5,402,517
Developer Fees	316,563	-	316,563
Charter school - state aid, grants and donations	3,776,510	-	3,776,510
Rental and other tenants revenues - real estate	12,931,439	-	12,931,439
Equity in earnings of joint ventures	156,514	-	156,514
Special events revenue, net of \$166,183 in expenses	279,795	-	279,795
Sale of certificated state credits and other revenue, net	9,827,399	-	9,827,399
Gain on forgiveness of debt	891,339	-	891,339
Interest income	185,492	-	185,492
Net assets released from restrictions, satisfaction of program restrictions	1,273,023	(1,273,023)	-
Total revenue and support	84,679,168	309,666	84,988,834
Expenses:			
Program services:			
Child development	38,854,528	-	38,854,528
Community services	10,421,352	-	10,421,352
Charter high school	3,613,704	-	3,613,704
Housing and other real estate	18,115,183	-	18,115,183
Total program services	71,004,767	-	71,004,767
Supporting services:			
Management and general	7,066,494	-	7,066,494
Fundraising and development	423,204	-	423,204
Total supporting services	7,489,698	-	7,489,698
Total expenses	78,494,465	-	78,494,465
Total change in net assets	\$ 6,184,703	\$ 309,666	\$ 6,494,369

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
Rents and tenants fees - real estate	12,073,237	-	12,073,237
Loss in earnings of joint ventures	(282,603)	-	(282,603)
Special events revenue, net of \$74,528 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 FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31,

2024

	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	\$ 16,005,691	\$ 3,922,727	\$ 1,665,701	\$ 2,006,937	\$ 2,948,906	\$ 247,803	\$ 26,797,765
Payroll taxes and benefits	4,559,767	1,143,439	622,595	660,834	615,819	39,992	7,642,446
Temporary staffing	1,438,273	-	-	-	18,000	-	1,456,273
Childcare expenses	4,482,893	10,101	-	-	-	-	4,492,994
Non-personnel in-kind (miscellaneous supplies)	3,206,604	-	-	-	-	-	3,206,604
Consultants and sub-contractors	660,271	1,293,740	296,312	423,997	1,164,191	64,166	3,902,677
Maintenance and repairs	395,561	292,108	70,464	1,342,902	58,173	3,561	2,162,769
Utilities	318,252	88,967	144,625	1,542,062	37,999	5,355	2,137,260
Space rental, net of sub-lease rental revenue	791,922	191,097	-	9,161	5,305	-	997,485
Rental assistance expense	-	1,187,565	-	-	-	-	1,187,565
Other expenses	685,855	658,382	93,165	755,698	654,731	28,401	2,876,232
Telephone	401,492	88,442	39,075	90,697	71,259	2,068	693,033
Janitorial and cleaning	628,531	73,422	1,844	55,079	30,709	7,394	796,979
Travel and transportation	643,452	282,014	26,547	44,792	281,742	3,287	1,281,834
Food and nutrition	1,015,388	156,540	-	3,364	49,826	1,039	1,226,157
Supplies	1,201,897	726,106	330,774	68,686	41,526	2,782	2,371,771
Insurance and property taxes	357,141	106,039	30,317	846,953	54,314	3,567	1,398,331
Accounting and legal	1,360	2,788	43,524	126,896	331,605	656	506,829
Interest	137,420	29,438	80,035	3,783,848	31,108	4,949	4,066,798
Loss on abandoned projects	-	-	-	80,633	-	-	80,633
Loss on impairment	-	-	-	3,063,823	-	-	3,063,823
Depreciation and amortization	1,922,758	168,437	168,726	3,208,821	200,312	8,184	5,677,238
Provisions for credit loss expense	-	-	-	-	470,969	-	470,969
	\$ 38,854,528	\$ 10,421,352	\$ 3,613,704	\$ 18,115,183	\$ 7,066,494	\$ 423,204	\$ 78,494,465

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 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, 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
Change in net assets	11,027,318	(4,842,615)	309,666	6,494,369
Transfer of non-controlling to controlling interest	(2,314,904)	2,314,904	-	-
Syndication costs	-	(421,500)	-	(421,500)
Contributions	-	2,308,970	-	2,308,970
Distributions	-	(103,345)	-	(103,345)
Balance, December 31, 2024	\$ 39,539,137	\$ 11,975,224	\$ 1,303,772	\$ 52,818,133

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,	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 6,494,369	\$ 1,585,528
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	5,650,144	4,861,069
Amortization	27,094	20,293
Amortization of debt discount and issuance costs	167,072	201,960
Equity in earnings of joint ventures	79,696	(168,683)
Gain on forgiveness of debt	(891,339)	-
Losses on abandoned projects	-	3,402,899
Sale of certificated credits, net of CECL provisions	(8,948,405)	-
Loss on partnership deconsolidation	-	386,868
Impairment loss	3,038,342	-
Changes in operating assets and liabilities:		
Accounts receivable	(717,289)	(1,415,945)
Due from related parties	(316,565)	(502,242)
Other receivables	4	-
Employee retention credit receivable	-	(3,313,512)
Prepaid expenses	(197,849)	(100,759)
Other current assets	18,540	(21,981)
Operating lease right-of-use asset	480,721	343,247
Accounts payable and accrued expenses	1,652,448	(654,180)
Accrued interest payable	547,980	(1,332,599)
Operating lease liability	(370,175)	(179,343)
Deferred revenues	472,916	1,992,290
Due to related parties	(2,077)	727
Other liabilities	(187,942)	301,537
Net cash provided by operating activities	6,997,685	5,407,174
Cash flows from investing activities:		
Expenditures for rental property, property and equipment	(21,430,097)	(4,195,158)
Expenditures for project predevelopment costs	(2,847,669)	(3,738,666)
Proceeds from investments in partnership	-	54,414
Fees and permits refunds (expenditures)	852,989	(877,019)
Investments in San Diego County Investment Pool	(229,147)	(419,076)
Net cash used in investing activities	(23,653,924)	(9,175,505)
Cash flows from financing activities:		
Expenditures for deferred costs	(60,169)	(35,862)
Expenditures for syndication costs	(421,500)	(118,259)
Expenditures for debt issuance costs	(802,583)	(703,365)
Proceeds from line of credit	-	4,000,000
Payments of notes payable	(7,044,978)	(21,699,382)
Proceeds from notes payable	34,500,735	26,626,383
Contributions from noncontrolling interests	2,308,970	4,686,637
Distributions to non-controlling interests	(103,345)	-
Net cash provided by financing activities	28,377,130	12,756,152
Net change in cash, cash equivalents and restricted cash	11,720,891	8,987,821
Cash, cash equivalents, and restricted cash, beginning of year	19,483,306	10,495,485
Cash, cash equivalents, and restricted cash, end of year	\$ 31,204,197	\$ 19,483,306

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,	2024	2023
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of \$1,759,388 and \$1,702,413 of capitalized interest in 2024 and 2023, respectively	\$ 3,351,746	\$ 4,291,525
Supplemental disclosure of non-cash investing and financing activities:		
Accrued development costs	\$ 3,614,745	\$ 1,894,644
Sale of certificated credits and note receivable, net	\$ 8,948,405	\$ -
Cash, cash equivalents, and restricted cash is as follows:		
Cash and cash equivalents	\$ 9,207,633	\$ 6,598,871
Restricted Cash	21,996,564	12,884,435
Cash, cash equivalents and restricted cash	\$ 31,204,197	\$ 19,483,306

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, 2024 AND 2023

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.
- 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.
- Seniors on Broadway Limited Partnership (Seniors on Broadway) - a 42 unit apartment project in the City of Chula Vista, County of San Diego, California, consisting of affordable rental housing.

Effective September 30, 2024, MAAC replaced the limited partners of Seniors on Broadway resulting in MAAC's 100% ownership of the project.

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

- 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.
- MAAC Laurel Tree LP (Laurel Tree), a California limited partnership, owns and manages a 138 unit apartment project located in Carlsbad, San Diego County, California, consisting of affordable rental housing.
- 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.

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- 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 4132 Beyer, L.P.'s (Beyer) 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 rental assistance and counseling through the City of Vista's housing assistance program, and 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 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

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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, 2024 and 2023, there were net assets with donor restrictions of \$1,303,772 and \$994,106, 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 during 2023, which includes interest income of approximately \$130,000 and as of December 31, 2024, approximately \$3,314,000 is anticipated to be received in 2025.

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 2024 and 2023, 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 (\$1,157,029 and \$927,878 as of December 31, 2024 and 2023, 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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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.

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

	2024	2023
County Treasury (Level 2)	\$ 1,157,029	\$ 927,878

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As of December 31, 2024, the County Treasury's unrealized loss was approximately \$18,000. As of December 31, 2023, the County Treasury's unrealized loss was approximately \$27,000.

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.

Significant items subject to such estimates and assumptions include estimates related to the economic lives of real estate and the assumptions used in the impairment analysis of long-lived assets. A partial listing of significant assumptions made by management in developing the impairment analysis includes anticipated holding periods, future occupancy, future rental rates, future capital requirements, discount rates and capitalization rates that could differ materially from actual results in the future periods.

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 to 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. As of December 31, 2024, the remaining estimated refund for fees and permits is \$24,030.

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.

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

MAAC reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. When evaluating recoverability, management considers future undiscounted cash flows estimated to be generated by the property, including low-income tax credits, and any estimated proceeds from the eventual disposition. In the event these accumulated cash flows are less than the carrying amount of the property, MAAC recognizes an impairment loss equal to the excess of the carrying amount over the estimated fair value of the property. For property under development, management evaluates major cost overruns, market conditions that could affect lease-up projections, intent and ability to hold the asset, and other indicators of impairment. If any indicators were to suggest impairment was present, the carrying value of the asset would be adjusted accordingly to fair value.

On January 1, 2024, Seniors on Broadway’s management applied to TCAC for tax credits, and in August 2024, received confirmation that the credits had been awarded. It is anticipated that Seniors on Broadway will be re-syndicated and sold to an affiliated partnership in 2025. In connection with the impending sale (the triggering event), Seniors on Broadway conducted an impairment analysis and determined that the estimated fair market value of Seniors on Broadway, based on an independent third-party appraisal of \$3,810,000, was lower than its net book value. As a result, for the year ended December 31, 2024, an impairment loss of \$3,063,823 was recognized and is included in housing, and other real estate expenses in the accompanying consolidated statement of activities.

The following table presents a long-lived asset for which the Organization recorded an impairment loss and that was measured at fair value

As of December 31, 2024	Level 1	Level 2	Level 3	Total
Property	\$ -	\$ -	\$ 3,810,000	\$ 3,810,000

The fair value measurements used to evaluate the Organization’s property for impairment analysis are classified as Level 3 valuations within the fair value hierarchy due to significant unobservable assumptions. These measurements were obtained through an income capitalization approach, relying on substantial unobservable inputs, including a 4.50% capitalization rate, projections for potential gross income, future rental growth rates, and estimates for vacancies and collection losses. No impairment loss was recognized in 2023.

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.

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

	2024	2023
Services	\$ 2,989,263	\$ 2,497,333
Supplies	119,545	26,543
Facilities	124,992	124,992
Contributed nonfinancial assets	\$ 3,233,800	\$ 2,648,868

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 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, 2024 and 2023, MAAC had one federal grant that accounted for 87% and 88%, respectively, of its federal awards (Schedule VI). During the years ended December 31, 2024 and 2023, five programs accounted for approximately 84% and 87%, respectively, of total accounts receivable. In addition, during 2024 and 2023, the real estate projects received \$1,930,073 and \$1,773,470, 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.

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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 2020. 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.

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 have been capitalized and consist of the following:

	2024	2023
TCAC fees, net	\$ 174,186	\$ 141,111

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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 consolidated statement of financial position date, comprise the following:

	2024	2023
Financial assets at year end:		
Cash and cash equivalents	\$ 9,207,633	\$ 6,598,871
Accounts receivable	8,354,533	8,490,233
Restricted cash (current and non-current)	22,391,114	12,884,445
Investments-County Treasury	1,157,029	927,878
Less: unavailable restricted cash for general expenditures due to:		
Contractual lender and regulatory restrictions	(21,016,841)	(11,941,295)
Donor restricted net assets	(1,303,772)	(994,106)
Financial assets available to meet general expenditures within one year	\$ 18,789,696	\$ 15,966,026

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 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, 2024 and 2023 was \$6,000,000 and \$8,000,000, 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:

	2024	2023
Replacement reserves	\$ 1,585,198	\$ 1,854,598
Operating reserves	1,485,766	1,865,447
Seller carry back financing reserve	17,193,800	7,607,284
Impounds and escrows	1,094,682	1,031,590
Tenant security deposits	637,118	525,526
Total restricted cash	21,996,564	12,884,445
Less: current restricted cash	(1,095,371)	(1,078,677)
Total restricted cash, net of current portion	\$ 20,901,193	\$ 11,805,768

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5. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2024	2023
Weatherization and Low-Income Home Energy	\$ 597,023	\$ 192,057
Head Start	1,485,273	1,564,169
Charter high school	444,571	526,047
Childcare food program	132,496	110,203
Recovery homes	623,070	947,515
Residential tenant rents	78,975	19,987
Property tax refunds	416,462	397,544
Economic development	1,081,032	449,972
Fundraising, marketing and communication	204,700	42,250
Other receivables	60,671	52,834
Total accounts receivable	5,124,273	4,302,578
Less: allowance for doubtful accounts	(107,282)	(2,876)
Accounts receivable, net	\$ 5,016,991	\$ 4,299,702

6. NOTE RECEIVABLE

On November 1, 2020, MAAC committed to provide a loan up to \$4,983,060 to CRP Worthington La Luna Family Apartments LP. The note bears no interest and matures on November 1, 2077. The funds shall be used to pay for certain development costs that CRP Worthington La Luna Family Apartments LP incurred and will continue to incur associated with construction and operations. As of December 31, 2024, the principal balance was \$4,983,060.

On February 1, 2022, MAAC committed to provide a loan up to \$4,436,314 to CRP Worthington Del Sol Family Apartments LP. The note bears no interest and matures on February 1, 2077. The funds shall be used to pay for certain development costs that CRP Worthington Del Sol Family Apartments LP incurred and will continue to incur associated with construction and operations. As of December 31, 2024, the principal balance was \$4,436,314. See Note 17 for discussion of the sale of certificated credits recorded in 2024.

In accordance with ASC 326, MAAC evaluated its note receivable for expected current credit losses as of December 31, 2024, using the PD/LGD model. The PD/LGD model considers i) the expected probability of default during the contractual repayment term of the financial asset (owned or guaranteed), considering macroeconomic outlook and recent performance of the obligor; and (ii) the loss if such default occurs which is typically the entire financial asset balance offset by any recoveries from the ultimate disposition of the underlying collateral, often consisting of real property. For the year ended December 31, 2024, provision for credit loss expense in connection with notes receivable totaled \$470,969.

Changes in conditions and borrower performance could significantly impact these estimates, ensuring the financial statements accurately represent the Organization's credit risk exposure. The Organization will continue to monitor credit exposure, economic factors, and changes in PD/LGD metrics, updating the allowance as needed.

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7. RENTAL PROPERTY AND 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, 2024 and 2023:

	2024	2023
<u>Rental Property:</u>		
Buildings and improvements	\$ 102,687,288	\$ 87,096,841
Land and land improvements	14,878,090	14,430,482
Furniture, fixtures and equipment	7,064,069	8,039,432
Construction-in-progress	42,410,575	39,941,474
Total rental property	167,040,022	149,508,229
<u>Property and equipment - Administrative, child development and social services:</u>		
Land and land improvements	2,908,990	2,908,988
Leasehold improvements	3,790,590	3,693,282
Buildings and improvements	30,565,875	28,815,740
Vehicles	2,096,910	2,027,938
Construction-in progress	141,680	75,463
Total Property and equipment - Administrative, child development and social services	39,504,045	37,521,411
Total rental property and property and equipment	206,544,067	187,029,640
Less: accumulated depreciation	(68,567,439)	(68,257,037)
Rental property and property and equipment, net	\$ 137,976,628	\$ 118,772,603

8. 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 (7.37% and 5.44% as of December 31, 2024 and 2023, respectively), as defined, through November 6, 2027. As of December 31, 2024 and 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 (7.37% and 5.44% as of December 31, 2024 and 2023, respectively), as defined, through November 6, 2025. As of December 31, 2024 and 2023, there was a \$0 balance.

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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.

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. This line of credit was not renewed.

9. NOTES PAYABLE

Notes payable consist of the following:

	2024	2023
<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, interest accrues at rates ranging from 2.43% - 8.25% with monthly payments of principal and interest due monthly. All unpaid principal and interest are due at various dates from 2025 to 2036.	\$ 29,860,444	\$ 24,825,002
<u>Variable Interest Rate Loans, Paid Monthly/Annually</u>		
Notes payable to Century Housing Corporation, secured by deeds of trust, interest accrues at variable rates - 9.31% as of December 31, 2023, with total monthly payments of principal and interest due monthly. All unpaid principal and interest were due at various dates in 2024. The notes were repaid in 2024.	-	7,200,000
<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 2063.	6,934,634	3,945,027
<u>Zero interest Soft Debt Loan, Paid From Cash Flow</u>		
Notes 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. A note payable in the amount of \$552,000 was forgiven on June 13, 2024.	920,000	1,472,000
Total MAAC and MAAC Real Estate	37,715,078	37,442,029

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	2024	2023
<u>Affiliates</u>		
<u>Fixed Interest Rate Loans, Paid Monthly/Annually</u>		
Notes payable to various entities, interest accrues at rates ranging from 3.00% - 4.93% with monthly payments of principal and interest due monthly. All unpaid principal and interest are due at various dates from 2036 to 2041.	31,873,039	32,598,060
<u>Fixed Interest Soft Debt Loan with Simple interest, Paid From Cash Flow</u>		
Notes payable to various entities, simple interest of 3.00%, 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 2062 to 2063.	1,961,142	5,472,336
<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	1,481,237
<u>Variable Construction Loans</u>		
Notes payable to various entities, secured by deeds of trust, interest accrues 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.	39,944,353	9,077,425
<u>Forgivable Soft Loan</u>		
AHP note payable to the Mississippi Valley Life Insurance Company in the amount of \$252,000 dated September 21, 2005. The note is non-interest bearing and will be forgiven after the 15-year compliance period. On October 31, 2024, the AHP loan was forgiven, the Organization recognized debt forgiveness income of \$339,339.	-	339,339
Total Affiliates	75,259,771	48,968,397
Total notes payable	112,974,849	86,410,426
Less: current portion	(955,588)	(8,365,221)
Less: debt issuance costs	(2,446,028)	(1,810,512)
Total notes payable, net of current portion	\$ 109,573,233	\$ 76,234,693

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Future principal payments of notes payable as of December 31, 2024 are due as follows:

Year Ending December 31,	MAAC	Affiliates	Total
2025 (a)	\$ 536,618	\$ 418,970	\$ 955,588
2026	8,193,168	14,758,591	22,951,759
2027	17,933,551	460,887	18,394,438
2028	210,679	479,324	690,003
2029	73,368	506,834	580,202
Thereafter	10,767,694	58,635,165	69,402,859
	\$ 37,715,078	\$ 75,259,771	\$ 112,974,849

(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, 2024 and 2023, the Organization incurred interest expense of \$4,066,798 and \$3,034,524, respectively. Amortization of the debt issuance costs of \$143,118 and \$202,957 have been included in interest expense for 2024 and 2023, respectively.

10. 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, 2024, and 2023, 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. In April 2025, Senior on Broadway's management had issued a letter of intent to purchase the land from the District for \$1.2 million of which approximately \$790,000 was to pay the accrued ground lease and interest with the remaining \$410,000 to pay for the acquisition of the land. As of the independent auditor's report date, the District has approved the terms of the land purchase but final approval, expected in July 2025, will be made by the school board. The financial statements do not include any adjustments that might be necessary if the Partnership is unable to reach a settlement with the District.

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

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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.

As of December 31, 2024 and 2023, the operating lease right-of-use asset and operating lease liability was \$2,250,130 and \$4,332,944, respectively. As of December 31, 2023, the operating lease right-of-use asset and operating lease liability was \$2,274,007 and \$4,234,934, respectively.

The lease provides for annual rental payments, which range from \$66,229 to \$284,287. During the year ended December 31, 2024, amortization related to the ROU assets and accretion of lease liabilities amounted to \$23,877 and \$98,010, respectively, and are accounted for as part of lease expense in the accompanying consolidated statement of activities. During the year ended December 31, 2023, amortization related to the ROU assets and accretion of lease liabilities amounted to \$24,580 and \$97,306, respectively, and are accounted for as part of lease expense in the accompanying consolidated statements of activities.

As of December 31, 2024, the future minimum payments under the non-cancelable ground lease is as follows:

Year	Amount
2025	\$ 275,018
2026	73,105
2027	74,933
2028	76,806
2029	78,726
Thereafter	8,573,643
Total lease payments	9,152,231
Less: imputed interest	(4,819,287)
Present value of lease liability	\$ 4,332,944

During 2024 and 2023, Seniors on Broadway made no payments related to the ground lease.

11. MAAC OPERATING LEASES

MAAC occupies facilities under operating lease agreements which expire through October 2028. Rent expense was \$2,017,706 and \$2,137,173 for the years ended December 31, 2024 and 2023, respectively.

As of December 31, 2023, the remaining lease term for MAAC's operating leases range from 1 to 4 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, 2024 and 2023, the operating lease right-of-use asset was \$1,338,920 and \$2,153,336, respectively, and operating lease liability was \$1,309,360 and \$2,138,785, respectively.

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During the years ended December 31, 2024 and 2023, amortization related to the ROU assets amounted to \$814,416 and \$662,282, respectively, and accretion of lease liabilities amounted to \$829,425 and \$616,572, respectively, and are accounted for as part of lease expense in the accompanying consolidated statements of activities.

As of December 31, 2024, the future minimum payments under the non-cancelable operating leases are as follows:

Year	Amount
2025	\$ 734,138
2026	284,711
2027	213,437
2028	95,901
Thereafter	-
Total lease payments	1,328,187
Less: imputed interest	(18,827)
Present value of lease liability	\$ 1,309,360

12. INDIRECT COSTS

MAAC was granted an indirect cost rate of 13.2% and \$12.0% by the U.S. Department of Health and Human Services, MAAC's federal cognizant agency, for the years ended December 31, 2024 and 2023, respectively.

13. 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.

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14. 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 \$17,389 and \$16,883, respectively, and as of December 31, 2024 and 2023, \$17,388 and \$16,882, respectively, remains unpaid.

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 2024 and 2023, the Partnership was charged total Asset Management Fees of \$8,199 and \$7,960, respectively, of which \$8,199 and \$14,888 remains unpaid as of December 31, 2024 and 2023, respectively.

In accordance with the Partnership Agreement for San Martin 2020 LP, the Limited Partner is entitled to an annual Asset Management Fee of \$7,500, increasing 3.00% annually and is payable from Net Cash Flow, as defined. The Asset Management Fee shall begin accruing on the day that the Limited Partner funds the Second Installment, as defined. During 2024, the Partnership was not charged an Asset Management Fee.

In accordance with the Partnership Agreement for MAAC Laurel Tree LP, the Limited Partner is entitled to an annual Asset Management Fee of \$7,500, increasing 3.00% annually and is payable from Net Cash Flow, as defined. The Asset Management Fee shall begin accruing on the day that the Limited Partner funds the Second Installment, as defined. During 2024, the Partnership was charged \$4,100, which remains payable as of December 21, 2024.

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, 2024 and 2023, \$485 and \$82, 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. During 2024, MAAC earned development fee income of approximately \$317,000 included in contractual services revenue in the accompanying consolidated statement of activities, of which approximately \$819,000 is unpaid as of December 31, 2024.

15. 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

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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, 2024 and 2023, total unpaid developer fees were \$17,947 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 2024 and 2023, MAAC recognized grant revenue of \$162,079 and \$162,079, respectively, and losses of \$175,286 and \$8,256, respectively, in its share of Comm 22 LLCs' net loss. As of December 31, 2024 and 2023, MAAC has an investment balance of \$1,237,712 and \$1,250,919, 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 2024 and 2023, respectively.

16. MAAC CHARTER HIGH SCHOOL

During 2020, MAAC's board of directors voted to transfer its Charter High School to an affiliated nonprofit in future periods. As of December 31, 2024, the transfer had not yet occurred. As of December 31, 2024 and 2023, the Charter High School had total assets of approximately \$2,200,000 and \$2,400,000, respectively, net assets of \$655,000 and \$327,000, respectively, and revenues of \$3,800,000 and \$4,000,000, respectively.

17. SALE OF CERTIFICATED STATE CREDITS

In connection with the development of CRP Worthington Del Sol Family Apartments LP, the Organization sold the partnerships' Certificated State Credits (the Credits) for \$4,436,314. As of December 31, 2024, \$4,436,314 has been earned, which is included in other revenue in the accompanying consolidated statement of activities for the year ended December 31, 2024.

In connection with the development of CRP Worthington La Luna Family Apartments LP, the Organization sold the partnerships' Certificated State Credits (the Credits) for \$4,901,735. As of December 31, 2024, \$4,901,735 has been earned, which is included in other revenue in the accompanying consolidated statement of activities for the year ended December 31, 2024.

18. 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

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CONSOLIDATING STATEMENT OF FINANCIAL POSITION

	MAAC		MAAC				2024	
	MAAC	Real Estate	Eliminations	Sub-Total	Affiliates	Eliminations	Consolidated	Balance
Assets								
Current assets:								
Cash and cash equivalents	\$ 6,760,730	\$ 2,097,902	\$ (2,966,310)	\$ 5,892,322	\$ 3,315,311	\$ -	\$	9,207,633
Accounts receivable, net of allowance for doubtful accounts of \$2,876 and \$129,445	4,565,518	150,571	-	4,716,089	300,902	-	-	5,016,991
Fees and permits receivable	24,030	-	-	24,030	-	-	-	24,030
Employee retention credit receivable	3,313,512	-	-	3,313,512	-	-	-	3,313,512
Restricted cash	-	1,095,371	-	1,095,371	-	-	-	1,095,371
Prepaid expenses	825,830	99,605	-	925,435	222,927	-	-	1,148,362
Other current assets	314,900	-	-	314,900	-	-	-	314,900
Total current assets	15,804,520	3,443,449	(2,966,310)	16,281,659	3,839,140	-	-	20,120,799
Other assets:								
Rental property, net of accumulated depreciation	15,900,582	32,769,160	-	48,669,742	83,084,726	(15,713,412)	-	116,041,056
Property and equipment, net of accumulated depreciation	15,987,270	5,948,302	-	21,935,572	-	-	-	21,935,572
Operating lease right-of-use asset	1,338,920	2,250,130	(184,338)	3,404,712	-	-	-	3,404,712
Investments	1,208,809	(2,102)	(75,099,733)	(73,893,026)	-	76,226,853	-	2,333,827
Due from related parties	29,167,282	67,669,900	(13,776,600)	83,060,582	-	(73,275,425)	-	9,785,157
Other long-term receivables	62,770	12,597,138	(12,597,138)	62,770	-	-	-	62,770
Restricted cash	4,922,110	1,321,794	-	6,243,904	14,657,289	-	-	20,901,193
Deferred costs, net	-	-	-	-	174,186	-	-	174,186
Deposits and other assets	7,980	-	-	7,980	-	-	-	7,980
Total assets	\$ 84,400,243	\$ 125,997,771	\$ (104,624,119)	\$ 105,773,895	\$ 101,755,341	\$ (12,761,984)	\$	194,767,252
Liabilities and Net Assets								
Current liabilities:								
Accounts payable and accrued expenses	\$ 3,658,312	\$ 1,916,884	\$ (1,798,361)	\$ 3,776,835	\$ 471,531	\$ (176,138)	\$	4,072,228
Accrued construction costs	-	-	-	-	5,509,389	-	-	5,509,389
Current portion of accrued interest payable	25,390	156,722	-	182,112	225,670	-	-	407,782
Current portion of notes payable	281,150	255,468	-	536,618	418,970	-	-	955,588
Current portion of operating lease liability	734,138	-	-	734,138	-	-	-	734,138
Deferred revenues	3,577,581	-	-	3,577,581	-	-	-	3,577,581
Total current liabilities	8,276,571	2,329,074	(1,798,361)	8,807,284	6,625,560	(176,138)	-	15,256,706
Operating lease liability	575,222	4,332,944	(188,032)	4,720,134	-	-	-	4,720,134
Line of credit	4,000,000	-	-	4,000,000	-	-	-	4,000,000
Accrued interest payable, net of current portion	-	7,212,957	-	7,212,957	7,405,685	(6,954,947)	-	7,663,695
Notes payable, net of current portion and unamortized debt issuance costs	4,485,950	32,499,940	(12,597,138)	24,388,752	136,302,335	(51,117,854)	-	109,573,233
Due to related parties	9,393,112	5,551,437	(14,944,549)	-	15,056,179	(15,026,486)	-	29,693
Other liabilities	45,590	146,204	-	191,794	513,864	-	-	705,658
Total liabilities	26,776,445	52,072,556	(29,528,080)	49,320,921	165,903,623	(73,275,425)	-	141,949,119

See independent auditor's report.

(Continued)

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CONSOLIDATING STATEMENT OF FINANCIAL POSITION

	MAAC	MAAC Real Estate	Eliminations	Sub-Total	Affiliates	Eliminations	2024 Consolidated Balance
Net assets:							
Without donor restrictions:							
Undesignated	56,320,026	74,028,560	(75,096,039)	55,252,547	-	(15,713,410)	39,539,137
Controlling interest in Affiliates	-	-	-	-	(76,226,851)	76,226,851	-
Noncontrolling interest in Affiliates	-	(103,345)	-	(103,345)	12,078,569	-	11,975,224
With donor restrictions	1,303,772	-	-	1,303,772	-	-	1,303,772
Total net assets	57,623,798	73,925,215	(75,096,039)	56,452,974	(64,148,282)	60,513,441	52,818,133
Total liabilities and net assets	\$ 84,400,243	\$ 125,997,771	\$ (104,624,119)	\$ 105,773,895	\$ 101,755,341	\$ (12,761,984)	\$ 194,767,252

See independent auditor's report.

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

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 CONSOLIDATING STATEMENT OF ACTIVITIES

	MAAC		MAAC				2024	
	MAAC	Real Estate	Eliminations	Sub-Total	Affiliates	Eliminations	Consolidated Balance	
Revenue and support:								
Contract revenue	\$ 44,970,157	\$ -	\$ -	\$ 44,970,157	\$ -	\$ -	\$ -	\$ 44,970,157
Contributions of cash and other financial assets	1,739,419	-	-	1,739,419	-	-	-	1,739,419
Contributions of nonfinancial assets	3,223,580	-	-	3,223,580	-	-	-	3,223,580
Program service fees	1,288,110	-	-	1,288,110	-	-	-	1,288,110
Contractual services	7,244,154	-	(937,909)	6,306,245	-	(903,728)	-	5,402,517
Developer fees	5,699,253	-	-	5,699,253	-	(5,382,690)	-	316,563
Charter school - state aid, grants and donations	3,776,510	-	-	3,776,510	-	-	-	3,776,510
Rental and other tenants revenues - real estate	581,280	4,671,521	(1,043,850)	4,208,951	8,722,488	-	-	12,931,439
Equity in earnings of joint ventures	3,473,050	-	(3,316,536)	156,514	-	-	-	156,514
Special events revenue, net of \$166,183 in	279,795	-	-	279,795	-	-	-	279,795
Sale of certificated credits and other revenue	9,980,827	48,358	(184,812)	9,844,373	-	(16,974)	-	9,827,399
Loan Forgiveness	-	891,339	-	891,339	-	-	-	891,339
Interest income	175,510	2,252,000	-	2,427,510	-	(2,242,018)	-	185,492
Total revenue and support	82,431,645	7,863,218	(5,483,107)	84,811,756	8,722,488	(8,545,410)	-	84,988,834
Expenses:								
Program services:								
Child development	38,854,528	-	-	38,854,528	-	-	-	38,854,528
Community services	10,421,352	-	-	10,421,352	-	-	-	10,421,352
Charter high school	3,613,704	-	-	3,613,704	-	-	-	3,613,704
Housing and other real estate	8,249,838	7,193,512	(7,403,329)	8,040,021	13,565,103	(3,489,941)	-	18,115,183
Total program services	61,139,422	7,193,512	(7,403,329)	60,929,605	13,565,103	(3,489,941)	-	71,004,767
Supporting services:								
Management and general	7,066,494	-	-	7,066,494	-	-	-	7,066,494
Fundraising and development	423,204	-	-	423,204	-	-	-	423,204
Total supporting services	7,489,698	-	-	7,489,698	-	-	-	7,489,698
Total expenses	68,629,120	7,193,512	(7,403,329)	68,419,303	13,565,103	(3,489,941)	-	78,494,465
Total change in net assets	\$ 13,802,525	\$ 669,706	\$ 1,920,222	\$ 16,392,453	\$ (4,842,615)	\$ (5,055,469)	\$	\$ 6,494,369

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

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,760,730	\$ 7,082,626
Accounts receivable, net of allowance	4,565,518	3,833,055
Fees and permits receivable	24,030	877,019
Employee retention credit receivable	3,313,512	3,313,512
Prepaid expenses	825,830	607,583
Other current assets	314,900	318,768
Total current assets	15,804,520	16,032,563
Other assets:		
Rental property, net of accumulated depreciation	15,900,582	14,612,911
Property and equipment, net of accumulated depreciation	15,987,270	16,090,100
Operating lease right-of-use asset	1,338,920	2,153,336
Investments	1,208,809	3,413,152
Due from related parties	29,167,282	15,202,734
Other long-term receivables	62,770	62,774
Restricted cash	4,922,110	73,694
Deposits and other assets	7,980	17,967
Total assets	\$ 84,400,243	\$ 67,659,231
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,658,312	\$ 3,995,188
Current portion of accrued interest payable	25,390	30,416
Current portion of notes payable	281,150	3,786,624
Current portion of operating lease liability	734,138	1,252,063
Deferred revenues	3,577,581	3,103,846
Total current liabilities	8,276,571	12,168,137
Operating lease liability	575,222	886,722
Line of credit	4,000,000	4,000,000
Notes payable, net of current portion and unamortized debt issuance costs	4,485,950	2,205,982
Due to related parties	9,393,112	4,290,746
Other liabilities	45,590	286,371
Total liabilities	26,776,445	23,837,958

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

	2024	2023
Net assets:		
Without donor restrictions:		
Undesignated	56,320,026	42,827,167
With donor restrictions	1,303,772	994,106
Total net assets	57,623,798	43,821,273
Total liabilities and net assets	\$ 84,400,243	\$ 67,659,231

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

	2024	2023
Revenue and support:		
Contract revenue	\$ 44,970,157	\$ 40,959,569
Contributions of cash and other financial assets	1,739,419	1,235,594
Contributions of nonfinancial assets	3,223,580	2,629,569
Program service fees	1,288,110	1,944,379
Contractual services	7,244,154	4,341,253
Developer fees	5,699,253	1,814,954
Charter school - state aid, grants and donations	3,776,510	3,660,903
Rental and other tenants revenues - real estate	581,280	518,300
Equity in earnings of joint ventures	3,473,050	1,251,629
Special events revenue, net of \$166,183 and \$202,391 in expenses in 2024 and 2023, respectively	279,795	233,686
Other revenue (sale of certificated credits, employee retention credits and other)	9,980,827	6,588,693
Interest income	175,510	103,019
Total revenue and support	82,431,645	65,281,548
Expenses:		
Program services:		
Child development	38,854,528	34,080,015
Community services	10,421,352	8,304,639
Charter high school	3,613,704	3,348,512
Housing and other real estate	8,249,838	7,253,297
Total program services	61,139,422	52,986,463
Supporting services:		
Management and general	7,066,494	6,785,795
Fundraising and development	423,204	400,729
Total supporting services	7,489,698	7,186,524
Total expenses	68,629,120	60,172,987
Total change in net assets	\$ 13,802,525	\$ 5,108,561

See independent auditor's report.

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

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

FOR THE YEARS ENDED DECEMBER 31,	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 13,802,525	\$ 5,108,561
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	2,180,108	1,902,529
Equity in losses in joint ventures	2,204,343	258,973
Losses on abandoned projects	-	3,402,899
Sale of certificated credits, net of CECL provisions	(8,948,405)	-
Changes in operating assets and liabilities:		
Accounts receivable	(732,459)	(1,332,993)
Due from related parties	(5,016,143)	(458,356)
Employee retention credit receivable	-	(3,313,512)
Prepaid expenses	(218,247)	(51,226)
Other current assets	13,855	(23,092)
Operating lease right-of-use asset	814,416	662,282
Accounts payable and accrued expenses	(336,876)	(675,478)
Accrued interest payable	(5,026)	30,416
Operating lease liability	(829,425)	(616,572)
Deferred revenues	473,735	1,992,290
Due to related parties	273,680	67,383
Other liabilities	(240,781)	264,293
Net cash provided by operating activities	3,435,300	7,218,397
Cash flows from investing activities:		
Expenditures for rental property, property and equipment	(1,862,825)	(1,097,295)
Expenditures for project predevelopment costs	(1,502,124)	(3,738,666)
Fees and permits receivable	852,989	(877,019)
Proceeds from advance received from MAAC Laurel Tree	4,828,686	-
Cash used in investing activities	2,316,726	(5,712,980)
Cash flows from financing activities:		
Expenditures for debt discount and issuance costs	(69,199)	-
Proceeds from line of credit	-	4,000,000
Payments of notes payable	(1,156,307)	(115,456)
Net cash provided by financing activities	(1,225,506)	3,884,544
Net change in cash, cash equivalents and restricted cash	4,526,520	5,389,961
Cash, cash equivalents, and restricted cash, beginning of year	7,156,320	1,766,359
Cash, cash equivalents, and restricted cash, end of year	\$ 11,682,840	\$ 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)
STATEMENTS OF CASH FLOWS-MAAC STAND ALONE

FOR THE YEARS ENDED DECEMBER 31,	2024	2023
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 137,274	\$ 246,786
Cash, cash equivalents, and restricted cash is as follows:		
Cash and cash equivalents	\$ 6,760,730	\$ 7,082,626
Restricted cash	4,922,110	73,694
Cash, cash equivalents and restricted cash	\$ 11,682,840	\$ 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)
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2024

Federal/Pass-Through Grantor and Program Title	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 2024	93.600	09CH01241701	\$ 31,393,825	\$ -
Head Start Cluster- Basic Grant 2023	93.600	09CH01074605	5,070,143	-
Head Start Cluster- HET Funding 2023	93.600	09HE00030101-C6	259,680	-
Pass-through California Department of Education Child Care and Development Block Grant Cluster American Rescue Plan Act of 2021 (ARPA)	93.575	n/a	367,134	-
Pass-through the State of California Department of Community Services and Development - Low Income Home Energy Assistance Program				
LIHEAP 2025 Weatherization	93.568	25B-3031	42,093	-
LIHEAP 2025 EHA-16	93.568	25B-3031	57,565	-
LIHEAP 2024 Weatherization	93.568	24B-3031	685,309	-
LIHEAP 2024 EHA-16	93.568	24B-3031	678,430	-
LIHEAP 2024 Supplemental EHA-16	93.568	24Q-2580	12,848	-
LIHEAP 2023 Weatherization	93.568	23B-5031	288,011	-
LIHEAP 2023 EHA-16	93.568	23B-5031	424,643	-
LIHEAP 2023 Emergency Supplemental Weatherization	93.568	23J-5735	240,740	-
LIHEAP 2023 Emergency Supplemental EHA-16	93.568	23J-5735	534,765	-
LIHEAP 2023 Supplemental EHA-16	93.568	23Q-5580	5,799	-
Low-Income Household Water Assistance Program LIHWAP ARPA 2021	93.499	21Z-9568	143,043	-
Pass-through County of San Diego Health and Human Services Drug and Alcohol Programs				
Nosotros & Casa de Milagros	93.959	553460	564,974	-
Nosotros & Casa de Milagros	93.959	570210	303,004	-
			41,072,006	-
<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	397,075	-
DOE BIL 2022 Weatherization	81.042	22P-7023	176,399	-
			573,474	-
<u>U.S. Department of Agriculture</u>				
Pass-through California Department of Education Child and Adult Care Food Program	10.558	37-1807-OJ	773,284	-
			773,284	-
Total expenditures of federal awards			\$ 42,418,764	\$ -

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, 2024

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, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of MAAC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of MAAC.

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

Indirect Cost Rate MAAC has been assigned an indirect cost allocation rate of 12% (for new contracts beginning January 1, 2024, the assigned rate was 13.20%) by the Department of Health and Human Services.

2. AMOUNTS PROVIDED TO SUBRECIPIENTS

MAAC did not provide grant funds to subrecipients during 2024.

- Supplemental LIHEAP Contract -

**Metropolitan Area Advisory Committee On Anti-Poverty of San Diego County, Inc.
SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES (SSRE)**

CSD CONTRACT NO. 23Q-5580 EHA-16

FOR THE PERIOD JANUARY 1, 2023 THROUGH DECEMBER 31, 2024

	1-Jan-23 through 31-Dec-23	1-Jan-24 through 31-Dec-24	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE					
Grant Revenue	\$ -	\$ 5,799	\$ 5,799		\$ 5,799
Interest Income	-				
Total Revenue:	-	5,799	5,799		5,799
EXPENDITURES					
Assurance 16 Costs	-	1,209	1,209	\$ 1,209	1,234
Administrative Costs	-	1,057	1,057	\$ 1,057	1,234
Program Costs (ECIP and Heap)					
Intake	-	1,776	1,776	1,776	1,776
Outreach	-	1,073	1,073	1,073	1,110
Training and Technical Assistance Costs	-	444	444	444	444
Program Costs (ECIP and HEAP) Total	-	3,293	3,293	3,293	3,330
Program Services And Program Costs	-	240	240	240	1
Total Expenses:	\$ -	\$ 5,799	\$ 5,799	\$ 5,799	\$ 5,799

- LIHWAP ARPA Contract -

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

SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES (SSRE)

CSD CONTRACT NO. 21Z-9568

FOR THE PERIOD JAN. 1, 2021 THROUGH December 31, 2024

	1-Jan-21 through 31-Dec-21	1-Jan-22 through 31-Dec-22	1-Jan-23 through 31-Dec-23	1-Jan-24 through 31-Dec-24	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE							
Grant Revenue	\$ -	\$ 133,556	\$ 467,620	\$ 143,043	\$ 744,219		\$ 744,219
Interest Income	-	-	-	-	-		-
Total Revenue:	-	133,556	467,620	143,043	744,219		744,219
EXPENDITURES							
Administrative Costs							
Administrative Costs	-	12,221	223,128	83,602	318,951	318,951	318,951
Administration Costs Total :	-	12,221	223,128	83,602	318,951	318,951	318,951
Program Support Costs							
Program Support Costs	-	121,335	244,492	59,441	425,268	425,268	425,268
Total Program Support Costs	-	121,335	244,492	59,441	425,268	425,268	425,268
Total Expenses:	\$ -	\$ 133,556	\$ 467,620	\$ 143,043	\$ 744,219	\$ 744,219	\$ 744,219

- LIHEAP Contracts -

Metropolitan Area Advisory Committee On Anti-Poverty of San Diego County, Inc.
 SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES (SSRE)
 CSD CONTRACT NO. 23B-5031 (WX)
 FOR THE PERIOD JANUARY 1, 2022 THROUGH DECEMBER 31, 2024

	1-Jan-22 through 31-Dec-22	1-Jan-23 through 31-Dec-23	1-Jan-24 through 31-Dec-24	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE						
Grant Revenue	\$ 42,364	\$ 723,314	\$ 288,011	\$ 1,053,689		\$ 1,053,689
Interest Income	-	-	-	-		-
Total Revenue:	42,364	723,314	288,011	1,053,689		1,053,689
EXPENDITURES						
Weatherization Program Costs						
Intake	3,595	17,942	3,011	24,548	24,548	84,295
Outreach	2,397	11,962	1,457	15,816	15,816	52,684
Training and Technical Assistance Costs	-	4,848	5,488	10,336	10,336	52,684
Weatherization Program Costs Total	5,992	34,752	9,956	50,700	50,700	189,663
WX Program Activities and Program Cost	39,163	685,771	278,055	1,002,989	1,002,989	864,026
Total Expenses:	\$ 45,155	\$ 720,523	\$ 288,011	\$ 1,053,689	\$ 1,053,689	\$ 1,053,689

- LIHEAP Contracts -

Metropolitan Area Advisory Committee On Anti-Poverty of San Diego County, Inc.
SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES (SSRE)
CSD CONTRACT NO. 23B-5031 EHA-16
FOR THE PERIOD JANUARY 1, 2022 THROUGH DECEMBER 31, 2024

REVENUE	1-Jan-22 through 31-Dec-22	1-Jan-23 through 31-Dec-23	1-Jan-24 through 31-Dec-24	Total Audited Costs	Total Reported Expenses	Total Budget
Grant Revenue	\$ -	\$ 1,242,633	\$ 424,643	\$ 1,667,276		\$ 1,667,276
Interest Income	-	-	-	-		
Total Revenue:	-	1,242,633	424,643	1,667,276		1,667,276
EXPENDITURES	-					
Assurance 16 Costs	-	92,321	46,698	139,019	139,019	211,780
Administrative Costs	-	163,050	48,730	211,780	211,780	211,780
Program Costs (ECIP and Heap)						
Intake	-	81,671	44,055	125,726	125,726	203,056
Outreach	-	35,089	19,018	54,107	54,107	126,910
Training and Technical Assistance Costs	-	4,187	6,592	10,779	10,779	50,764
Program Costs (ECIP and HEAP) Total	-	120,947	69,665	190,612	190,612	380,730
Program Services And Program Costs	-	866,315	259,550	1,125,865	1,125,865	862,986
Total Expenses:	\$ -	\$ 1,242,633	\$ 424,643	\$ 1,667,276	\$ 1,667,276	\$ 1,667,276

- SLIHEAP Contracts -

Metropolitan Area Advisory Committee On Anti-Poverty of San Diego County, Inc.
SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES (SSRE)
CSD CONTRACT NO. 24Q-2580 EHA-16
FOR THE PERIOD JANUARY 1, 2024 THROUGH DECEMBER 31, 2024

	1-Jan-24 through 31-Dec-24	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE				
Grant Revenue	12,848	\$ 12,848		\$ 12,848
Interest Income		-		
Total Revenue:	12,848	12,848		12,848
EXPENDITURES				
Assurance 16 Costs	2,734	2,734	2,734	2,734
Administrative Costs	2,734	2,734	2,734	2,734
Program Costs (ECIP and Heap)				
Intake	3,936	3,936	3,936	3,936
Outreach	2,460	2,460	2,460	2,460
Training and Technical Assistance Costs	-	-	-	984
Program Costs (ECIP and HEAP) Total	6,396	6,396	6,396	7,380
Program Services And Program Costs	984	984	984	-
Total Expenses:	\$ 12,848	\$ 12,848	\$ 12,848	\$ 12,848



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, 2024, 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 13, 2025.

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 13, 2025



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, 2024. 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, 2024.

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.



Westlake Village, California
June 13, 2025

METROPOLITAN AREA ADVISORY COMMITTEE
 (A NONPROFIT CALIFORNIA CORPORATION)
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED DECEMBER 31, 2024

Section I – Summary of Auditors’ Results

Financial statements

Type of auditors’ report issued: Unmodified
 Internal control over financial reporting:
 Material weakness(es) identified? ___yes x no
 Significant deficiency(ies) identified? ___yes x none reported
 Noncompliance material to the financial statements noted? ___yes x no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? ___yes x no
 Significant deficiency(ies) identified? ___yes x 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 x no

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start Cluster
81.042	Weatherization Assistance for Low-Income Persons

Dollar threshold used to distinguish between Type A and Type B programs: \$1,272,563
 Auditee qualified as a low-risk auditee? x yes ___no

Section II – Findings - Financial Statement Audit

None reported

Section III – Findings – Major Federal Award Program Audit

None reported

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SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED DECEMBER 31, 2024

Finding - Financial Statement Audit

None reported

Finding – Major Federal Award Program Audit

None reported