

**PROJECT SANCTUARY, INC.**

**UKIAH, CALIFORNIA**

**ANNUAL FINANCIAL REPORT  
AND  
SINGLE AUDIT REPORT**

**SEPTEMBER 30, 2022**



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Project Sanctuary, Inc.  
Ukiah, California

### Opinion

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

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

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Project Sanctuary, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Project Sanctuary, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

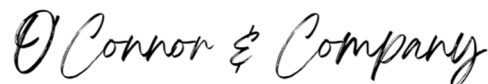
We have previously audited Project Sanctuary, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 22, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary data in schedule 1 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2023, on our consideration of Project Sanctuary, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Project Sanctuary, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Project Sanctuary, Inc.'s internal control over financial reporting and compliance.



O'Connor & Company

San Rafael, California  
June 13, 2023

Project Sanctuary, Inc.  
STATEMENTS OF FINANCIAL POSITION  
September 30, 2022  
(With Comparative Totals for September 30, 2021)

	2022	2021
<u>ASSETS</u>		
Current assets:		
Cash & cash equivalents	\$ 471,667	\$ 401,370
Restricted cash	19,410	17,432
Grants receivable	577,232	538,317
Other receivable	4,176	10,685
Prepaid expenses	10,671	9,843
Total current assets	1,083,156	977,647
Non-current assets:		
Deposits	16,791	16,791
Fixed assets, net of accumulated depreciation	570,072	577,833
Total non-current assets	586,863	594,624
Total assets	\$ 1,670,019	\$ 1,572,271
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 84,327	\$ 44,153
Accrued payroll	9,456	11,148
Accrued vacation	35,829	31,284
Deferred revenue	-	7,500
Total current liabilities	129,612	94,085
Net assets - Exhibit A:		
Without donor restrictions		
Undesignated	1,315,941	1,236,850
Board designated	215,000	215,000
Total without donor restrictions	1,530,941	1,451,850
With donor restrictions		
Restricted contributions	9,466	26,336
Total with donor restrictions	9,466	26,336
Total net assets	1,540,407	1,478,186
Total liabilities and net assets	\$ 1,670,019	\$ 1,572,271

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

Project Sanctuary, Inc.  
STATEMENTS OF ACTIVITIES  
For the Year Ended September 30, 2022  
(With Comparative Totals for the Year Ended September 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<b>Revenues:</b>				
Federal grants	\$ 1,355,422	\$ -	\$ 1,355,422	\$ 1,476,411
State grants	675,821	-	675,821	259,449
Local government	13,119	-	13,119	160,164
In-kind contributions	228,233	-	228,233	248,620
Contributions	69,380	15,425	84,805	131,084
Investment return, net	4,817	-	4,817	874
Miscellaneous	28,517	-	28,517	16,067
SBA loan contribution	-	-	-	27,980
Released from restriction	31,815	(31,815)	-	-
<b>Total revenues</b>	<u>2,407,124</u>	<u>(16,390)</u>	<u>2,390,734</u>	<u>2,320,649</u>
<b>Expenses:</b>				
Program services:				
Inland	728,615	-	728,615	633,939
Coast	875,992	-	875,992	680,831
Shelter	311,938	-	311,938	253,818
Transitional	256,114	-	256,114	262,378
Subtotal program services	<u>2,172,659</u>	<u>-</u>	<u>2,172,659</u>	<u>1,830,966</u>
Support services:				
General & administrative	155,854	-	155,854	248,347
Fundraising	-	-	-	2,633
Subtotal support services	<u>155,854</u>	<u>-</u>	<u>155,854</u>	<u>250,980</u>
<b>Total expenses</b>	<u>2,328,513</u>	<u>-</u>	<u>2,328,513</u>	<u>2,081,946</u>
Change in net assets	78,611	(16,390)	62,221	238,703
Net assets, beginning of period	<u>1,451,850</u>	<u>26,336</u>	<u>1,478,186</u>	<u>1,239,483</u>
Net asset transfer	480	(480)	-	-
Net assets, end of period	<u>\$ 1,530,941</u>	<u>\$ 9,466</u>	<u>\$ 1,540,407</u>	<u>\$ 1,478,186</u>

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

Project Sanctuary, Inc.  
STATEMENTS OF FUNCTIONAL EXPENSES  
For the Year Ended September 30, 2022  
(With Comparative Totals for the Year Ended September 30, 2021)

	Program Services					Support Services		2022	2021
	Inland	Coast	Shelter	Transitional	Subtotal	GM&A	Subtotal	Total	Total
Expenses:									
Salaries & wages	\$ 304,823	\$ 389,939	\$ 116,734	\$ 34,847	\$ 846,343	\$ 95,822	\$ 95,822	\$ 942,165	\$ 909,731
Payroll taxes & benefits	52,654	64,421	20,228	11,791	149,094	37,654	37,654	186,748	222,895
In-kind: direct services	44,006	47,942	136,285	-	228,233	-	-	228,233	248,620
In-kind: direct materials	-	-	-	-	-	1,170	1,170	1,170	-
Outside services	49,045	29,650	-	2,556	81,251	-	-	81,251	54,182
Office supplies	15,997	9,057	14	936	26,004	2,511	2,511	28,515	21,077
Shelter supplies	654	-	1,688	5,795	8,137	-	-	8,137	6,767
Program supplies & expenses	566	785	-	19	1,370	514	514	1,884	3,951
Occupancy	52,018	11,155	6,599	15,899	85,671	-	-	85,671	52,585
Communications	16,792	15,373	402	5,051	37,618	200	200	37,818	26,256
Insurance	343	250	-	32	625	14,029	14,029	14,654	15,238
Travel & training	2,477	3,036	21	289	5,823	1,152	1,152	6,975	1,560
Printing & postage	3,296	1,327	-	253	4,876	-	-	4,876	2,497
Equipment maintenance & rental	21,998	11,543	1,572	9,430	44,543	-	-	44,543	31,775
Client specific assistance	118,323	265,997	641	150,054	535,015	-	-	535,015	380,497
Outreach	9,162	3,961	-	27	13,150	-	-	13,150	5,611
Utilities	10,362	10,699	12,548	17,678	51,287	-	-	51,287	50,622
Interest	-	-	-	-	-	898	898	898	-
Depreciation	17,583	8,526	15,206	1,335	42,650	965	965	43,615	29,375
Miscellaneous	8,516	2,331	-	122	10,969	939	939	11,908	18,707
Total expenses	<u>728,615</u>	<u>875,992</u>	<u>311,938</u>	<u>256,114</u>	<u>2,172,659</u>	<u>155,854</u>	<u>155,854</u>	<u>2,328,513</u>	<u>2,081,946</u>

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

Project Sanctuary, Inc.  
STATEMENTS OF CASH FLOWS  
For the Year Ended September 30, 2022  
(With Comparative Totals for the Year Ended September 30, 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 62,221	\$ 238,703
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	43,615	29,375
Changes in certain assets and liabilities:		
Grants receivable	(38,915)	(180,611)
Other receivable	6,509	(7,897)
Prepaid expenses	(828)	63
Accounts payable	40,174	22,681
Accrued payroll	(1,692)	997
Accrued vacation	4,545	(20,857)
Net cash provided by operating activities	108,129	82,454
Cash flows from investing activities:		
Acquisition of fixed assets	(35,854)	(286,922)
Disposal of fixed assets	-	36,857
Net cash used by investing activities	(35,854)	(250,065)
Net increase (decrease) in cash during the period	72,275	(167,611)
Cash & cash equivalents balance, beginning of period	418,802	586,413
Cash & cash equivalents balance, end of period	\$ 491,077	\$ 418,802
Summary of cash and cash equivalents at end of period:		
Cash and cash equivalents	\$ 471,667	\$ 401,370
Restricted cash and cash equivalents	19,410	17,432
Total cash and cash equivalents at end of period	\$ 491,077	\$ 418,802
Supplemental disclosure of cash flow information:		
Interest paid	\$ 898	\$ -

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



Project Sanctuary, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

NOTE 1 - GENERAL

Project Sanctuary, Inc. (the Agency) was incorporated as a California non-profit public benefit corporation in 1978. The Agency operates a crisis shelter and a transitional duplex for battered persons and their children. In addition to these operations, the Agency provides 24-hour crisis response, group and individual counseling, and court support for families affected by domestic violence or sexual assault, but not in need of safe emergency housing. The Agency also makes educational presentations to community groups and schools. The Agency offers the following programs:

- 24/7 Crisis Response
- Individual Counseling – Scheduled and Walk-In
- Group Counseling - Adults Molested as Children, Anger Management, and Empowerment
- Prevention Education - K-12, college, and community settings
- Temporary Restraining Order Assistance
- Hospital Accompaniment for Sexual Assault Evidence Exams
- Emergency, confidential shelter
- Transitional Housing

These programs are offered at inland, coast, and shelter locations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements and records of the Agency are prepared on the accrual basis of accounting and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of the period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement.

B. Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations*.

C. Description of Net Assets

Without Donor Restrictions is defined as that portion of net assets that has no use or time restrictions. The Agency's bylaws include a variance provision giving the Board of Directors the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations if, in the sole judgment of the Board of Directors (without the necessity of the approval of any other party), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. Based on that provision, the Agency classifies contributions, except as noted below, as without donor restriction for financial statement presentation.

With Donor Restrictions is defined as that portion of net assets that consists of a restriction on the specific use or the occurrence of a certain future event. Contributions unconditionally promised, including irrevocable planned gifts, which are scheduled to be received more than one year in the future, are recorded at fair value, classified as with donor restriction until the funds are received, and are discounted at a rate commensurate with the risks involved. Net assets consisting of the initial fair value of the gifts where the donor has specified that the assets donated are to be retained in an endowment, providing a permanent source of revenue for charitable purposes are classified as with donor restriction.

Project Sanctuary, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Description of Net Assets (concluded)

The accumulation of assets, above historic gift value, in donor restricted endowment funds is classified as with donor restrictions until appropriated for use based on the Agency's spending policy. The Agency also receives grants from charitable foundations and local agencies for initiatives and special projects for which purpose restrictions apply. Such grants and contributions are recorded as with donor restrictions until the purpose restrictions are met. When the purpose restriction is accomplished, with donor restrictions net assets are reclassified to without donor restrictions net assets and reported as net assets released from restrictions.

D. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions with a maturity of three months or less.

E. Fixed Assets

Fixed assets are stated at cost and depreciation is computed on the straight-line basis of accounting over the estimated useful lives of the assets. The Agency's capitalization level is \$5,000. Furniture and equipment are being depreciated over estimated useful lives of 5 years. Leasehold and building improvements are being depreciated over estimated useful lives of 10 to 25 years.

F. Public Support and Revenue

Donations represent contributions to the Agency from private agencies, individuals, and companies and are recognized as support when received.

Contributions are recognized at their fair value when the donor makes an unconditional promise to give to the Agency. Contributions restricted by the donor are reported as an increase in without donor restrictions net assets if the restriction is released in the same reporting period in which the support is received. All other contributions with donor restrictions are reported as an increase in with donor restrictions net assets, depending on the nature of the restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor restrictions net assets are reclassified to without donor restrictions net assets and reported in the statement of activities as net assets released from restrictions.

G. Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions and Presentation of Financial Statements*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency.

H. Functional Expenses

The Agency charges directly identifiable expenditures to program services. Expenses related to more than one function are charged to program services on the basis of periodic time and expense studies. The Agency's employees will track their time spent on each program (Inland, Coast, Shelter, Transitional, Fundraising or Administration) and this will determine a percentage of how to allocate a portion of salaries and benefits to each specific program. The same percentage is used to allocate other expenses including human resources, information technologies, occupying and maintaining facilities to each specific program.

Project Sanctuary, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

H. Functional Expenses (concluded)

Administration services include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Agency.

I. Fundraising Expenses

Fundraising expenses are recognized when incurred, regardless of the campaign year to which they relate.

J. Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted auditing standards and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality as well as the uncertainty of future events. Actual results could differ from those estimates.

K. Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Agency carries commercial insurance.

L. Contingencies

The Agency participates in numerous grants. Disbursement of funds received under these grants requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed costs resulting from such an audit could become a liability of the general fund or other applicable funds.

M. Implementation of Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements in presentation and disclosure. ASU 2020-07 was issued to address certain stakeholder's concern about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in an entity's programs and other activities. The standard is effective for annual reporting periods beginning after June 15, 2021, and should be applied on a retrospective basis. The Agency adopted the standards on October 1, 2021. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows.

N. Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Agency is evaluating the impact of the pending adoption of the new standard on the financial statements.

Project Sanctuary, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

NOTE 3 - INCOME TAXES

The Agency is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Agency is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes. Contributors, donors and grantors may obtain tax benefits. In addition, the Agency has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 501(a) of the Code.

The Agency adopted the recognition requirements for uncertain tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Agency has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Agency believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Agency's financial condition, results of operations or cash flows. Accordingly, the Agency has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at September 30, 2022. The Agency is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 4 - CONCENTRATIONS

The Agency receives a substantial amount of revenue from grants and contracts with the State of California. During the years ended September 30, 2022 and September 30, 2021, revenues from this source totaled \$2,044,362, and \$1,896,024, representing 86% and 82% of the Agency's total revenues respectively.

NOTE 5 - CASH AND CASH EQUIVALENTS

Cash balances as of September 30, were as follows:

Unrestricted:	2022	2021
Savings Bank of Mendocino County	\$ 466,698	\$ 391,686
Mendo Lake Credit Union	4,419	9,134
Petty cash	550	550
Total unrestricted cash and cash equivalents	<u>471,667</u>	<u>401,370</u>
Restricted:		
Savings Bank of Mendocino County*	19,410	17,432
Total restricted cash and cash equivalents	<u>19,410</u>	<u>17,432</u>
Total cash and cash equivalents	<u>\$ 491,077</u>	<u>\$ 418,802</u>

\*These restricted funds consist of client savings accounts managed by the Agency. These funds are expected to be returned within one year; therefore, they are reported in Accounts Payable on the Statement of Financial Position.

The corresponding current bank balance for Savings Bank of Mendocino County is in excess of the \$250,000 blanket umbrella by the Federal Deposit Insurance Corporation (FDIC). It is the opinion of management that the solvency of the referenced financial institutions is not of particular concern at this time.

Project Sanctuary, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

NOTE 6 - LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Agency's financial assets as of September 30, 2022 and September 30, 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, endowments, and accumulated earnings net of appropriations within one year and board designated endowments. These board designations could be drawn upon if the board approves that action.

Financial assets	<u>2022</u>	<u>2021</u>
Cash & cash equivalents	\$ 491,077	\$ 418,802
Grants receivable	577,232	538,317
Other receivable	<u>4,176</u>	<u>10,685</u>
Total financial assets	<u>1,072,485</u>	<u>967,804</u>
Less those unavailable for general expenditures within one year due to:		
Restricted cash and deposits	(36,201)	(34,223)
Board designated reserves	(215,000)	(215,000)
With donor restrictions	<u>(9,466)</u>	<u>(26,336)</u>
Total unavailable financial assets	<u>(260,667)</u>	<u>(275,559)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 811,818</u>	<u>\$ 692,245</u>

NOTE 7 - GRANTS RECEIVABLE

Grant receivable as of September 30, 2022 and September 30, 2021, represents that portion of grants earned, but funds not yet drawn down or received as of year-end. The amounts of funds to be received are:

<u>Fund</u>	<u>2022</u>	<u>2021</u>
OES #13	\$ 115,269	\$ 81,181
OES #20	86,807	73,559
OES #23	76,939	56,563
OES #30	53,175	49,308
CalWorks #19	3,380	4,420
Mendocino County HMIS	239,387	258,598
HHSA Coast DFC Youth Adv	-	10,413
County Violence Prevention	<u>2,275</u>	<u>4,275</u>
Total grant receivable	<u>\$ 577,232</u>	<u>\$ 538,317</u>

The Agency has not accrued a loss for allowances for uncollectible receivables since it is the opinion of management that it is highly probable all receivables will be collected.

NOTE 8 - ACCOUNTS RECEIVABLE

Accounts receivable represents that portion of grants/contracts earned, but from which funds have not been received as of year-end. The amount of other accounts receivable totaled \$4,176 and \$10,685 for the years ended September 30, 2022 and September 30, 2021 respectively. The Agency has not accrued a loss for allowances for uncollectible receivables since it is the opinion of management that it is highly probable all receivables will be collected.

Project Sanctuary, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

NOTE 9 - FIXED ASSETS

The following is a summary of changes in property, plant and equipment during the years ended September 30:

	Balance 9/30/21	Increase	Decrease	Balance 9/30/22
Fixed assets, not being depreciated:				
Land	\$ 132,000	\$ -	\$ -	\$ 132,000
Construction in progress	<u>-</u>	<u>35,854</u>	<u>-</u>	<u>35,854</u>
Total fixed assets, not being depreciated	<u>132,000</u>	<u>35,854</u>	<u>-</u>	<u>167,854</u>
Fixed assets, being depreciated:				
Buildings & improvements	749,570	-	-	749,570
Equipment & software	67,820	-	-	67,820
Vehicles	<u>44,796</u>	<u>-</u>	<u>14,796</u>	<u>30,000</u>
Total fixed assets, being depreciated	<u>862,186</u>	<u>-</u>	<u>14,796</u>	<u>847,390</u>
Total accumulated depreciation	<u>(416,353)</u>	<u>14,796</u>	<u>43,615</u>	<u>(445,172)</u>
Total fixed assets being depreciated-net	<u>445,833</u>	<u>14,796</u>	<u>58,411</u>	<u>402,218</u>
Fixed assets-net	<u>\$ 577,833</u>	<u>\$ 50,650</u>	<u>\$ 58,411</u>	<u>\$ 570,072</u>

Depreciation expense for the years ended September 30, 2022 and September 30, 2021 was \$43,615 and \$29,375 respectively.

NOTE 10 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Agency. The amount of accumulated vacation totaled \$35,829 and \$31,284 for the years ending September 30, 2022 and September 30, 2021 respectively.

NOTE 11 - DEFERRED REVENUE

Deferred revenue for the years ending September 30, 2022 and September 30, 2021 consisted of the T R Eriksen funds in the amount of \$-0- and \$7,500 respectively.

NOTE 12 - IN-KIND

Values assigned to in-kind contributions and the related expenses are based upon estimated area-wide averages for purchased services, facilities, or supplies of a similar type. In-kind contributions and expenses are recorded when used in the program and are not carried forward. In-kind contributions were \$228,233 and \$248,620 for the years ended September 30, 2022 and September 30, 2021 respectively.

Project Sanctuary, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

NOTE 13 - WITH DONOR RESTRICTIONS NET ASSETS

Donor designated funds as of September 30 were available for the following purposes:

<u>Program Activities</u>	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Releases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Subject to Expenditure for Specific Purpose:</b>					
ASCK	\$ 5,364	\$ 2,000	\$ 2,572	\$ -	\$ 4,792
Coast only	2,434	4,225	3,885	-	2,774
Cummings	505	-	505	-	-
Community Foundation Inland, Coast & COVID	15,700	-	15,700	-	-
Mendocino Coast Healthcare	138	-	138	-	-
MCCF	427	7,500	6,583	-	1,344
Adopt-a-family 2020	450	-	-	(450)	-
Sponsor-a-family	838	1,700	2,432	450	556
Other 2020	480	-	-	(480)	-
	<u>\$ 26,336</u>	<u>\$ 15,425</u>	<u>\$ 31,815</u>	<u>\$ (480)</u>	<u>\$ 9,466</u>

NOTE 14 - WITHOUT DONOR RESTRICTIONS BOARD DESIGNATED FUNDS

Without Donor Restrictions board designated funds are for multiple year projects and operating reserve. At September 30, the Without Donor Restrictions board designated funds consisted of the following:

	<u>2022</u>	<u>2021</u>
Capital assets replacement	\$ 50,000	\$ 50,000
Operating reserve	125,000	125,000
Facilities	40,000	40,000
Total	<u>\$ 215,000</u>	<u>\$ 215,000</u>

NOTE 15 - LEASE COMMITMENTS

The Agency has entered into an operating lease to rent the facility at 564 South Dora Street, Ukiah, CA 95482 pursuant to a lease agreement entered into on August 1, 2022. This lease expires July 31, 2027. The rental expense starts at \$3,500 per month and the security deposit is not applicable to the last month's rental payment. Annual rental increases are 3.00% based on the signed agreement.

The Agency has also entered into an operating lease to rent a multi-unit residential building at 101 S. Hortense Street, Ukiah CA 95482 pursuant to a lease agreement entered into on January 1, 2019. This lease is set to expire on December 31, 2054. The rental expense is currently \$900 per room per month with a 12 bedroom minimum and a 14 bedroom maximum. The Agency has agreed to special term conditions based on the annual receipt of federal and state funding.

Future lease payments below represent estimates using the maximum allowed increase for each year ended.

	<u>564 S. Dora Street</u>	<u>101 S. Hortense Street</u>
2023	\$ 42,210	\$ 129,600
2024	43,476	129,600
2025	44,781	129,600
2026	46,124	129,600
2027	39,393	129,600
Thereafter	-	3,402,000
Total	<u>\$ 215,984</u>	<u>\$ 4,050,000</u>

Project Sanctuary, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

NOTE 16 - REPORT ON SUMMARIZED COMPARATIVE INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended September 30, 2021, from which the summarized information was derived.

NOTE 17 - RECLASSIFICATIONS

Certain amounts in the September 30, 2021 financial statements have been reclassified to conform with the September 30, 2022 presentation. These reclassifications have no effect on the change in net assets as previously reported.

NOTE 18 - SUBSEQUENT EVENTS

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through June 13, 2023, the date the financial statements were available to be issued.



Project Sanctuary, Inc.  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
All Contracts  
For the Year Ended September 30, 2022

Schedule 1

	OES #13	OES #20	OES #23	OES #30	Violence Prevention CASA	Job Alliance CalWorks #19	Mendocino County HMIS	Other	Total
<b>Revenue:</b>									
Federal grants	\$ 310,031	\$ 246,592	\$ 204,686	\$ 171,148	\$ -	\$ -	\$ 422,965	\$ -	\$ 1,355,422
State grants	290,786	130,792	141,836	89,657	-	22,750	-	-	675,821
Local government	-	-	-	-	13,119	-	-	-	13,119
In-kind contributions	136,285	44,006	47,942	-	-	-	-	-	228,233
Contributions	-	-	-	-	-	-	-	84,805	84,805
Investment return, net	-	-	-	-	-	-	-	4,817	4,817
Miscellaneous	-	-	-	-	-	-	-	28,517	28,517
Total revenue	<u>737,102</u>	<u>421,390</u>	<u>394,464</u>	<u>260,805</u>	<u>13,119</u>	<u>22,750</u>	<u>422,965</u>	<u>118,139</u>	<u>2,390,734</u>
<b>Expenses:</b>									
Salaries & wages	347,093	237,906	239,313	43,988	10,667	10,403	40,582	12,213	942,165
Payroll taxes & benefits	77,294	46,321	42,327	9,143	688	2,281	8,694	-	186,748
In-kind: direct services	136,285	44,006	47,942	-	-	-	-	-	228,233
Outside services	29,209	22,959	20,114	3,950	-	414	2,516	2,089	81,251
Office supplies	10,072	9,624	4,767	936	-	204	400	2,512	28,515
Shelter supplies	2,123	59	-	5,795	-	-	-	160	8,137
Program supplies & expenses	737	183	426	19	-	6	-	513	1,884
Occupancy	28,988	15,299	6,555	15,899	-	589	1,761	16,580	85,671
Communications	12,884	7,231	10,070	5,051	-	535	1,729	318	37,818
Insurance	5,792	4,179	3,092	737	89	308	456	1	14,654
Travel & training	361	2,036	2,000	289	-	-	42	2,247	6,975
Printing & postage	908	1,635	850	253	-	22	-	1,208	4,876
Equipment maintenance & rental	50,487	13,118	5,844	10,613	-	176	1,904	323	82,465
Client specific assistance	8,494	1,265	1,308	150,054	-	-	360,060	13,834	535,015
Outreach	2,897	5,767	1,580	27	-	-	-	2,879	13,150
Utilities	20,483	4,980	6,074	17,587	-	401	1,762	-	51,287
Depreciation	-	-	-	-	-	-	-	43,615	43,615
Miscellaneous	3,336	4,822	2,202	122	-	39	13	1,374	11,908
Total expenses	<u>737,443</u>	<u>421,390</u>	<u>394,464</u>	<u>264,463</u>	<u>11,444</u>	<u>15,378</u>	<u>419,919</u>	<u>99,866</u>	<u>2,364,367</u>
Change in net assets	<u>(341)</u>	<u>-</u>	<u>-</u>	<u>(3,658)</u>	<u>1,675</u>	<u>7,372</u>	<u>3,046</u>	<u>18,273</u>	<u>26,367</u>
Capital assets charged to grants	<u>(35,854)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,854)</u>
Change in net assets, reconciled	<u>\$ (36,195)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,658)</u>	<u>\$ 1,675</u>	<u>\$ 7,372</u>	<u>\$ 3,046</u>	<u>\$ 18,273</u>	<u>\$ (9,487)</u>

Project Sanctuary, Inc.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
<b><u>U.S Department of Housing and Urban Development</u></b>				
Pass-through California Department of Housing and Community Development/ Mendocino County Health & Human Services Agency Community Planning and Development: Continuum of Care Program	14.267	20-ESGV1-00039	\$ 753,154	\$ 419,919
<b>Total U.S. Department of Housing and Urban Development</b>			<u>753,154</u>	<u>419,919</u>
<b><u>U.S Department of Justice</u></b>				
Pass-through California Governor's Office of Emergency Services: Victims of Crime Act*	16.575	DV20 35 1030	123,771	123,771
Victims of Crime Act*	16.575	RC21 41 1030	203,825	191,716
Victims of Crime Act*	16.575	RC21 32 1030	146,522	145,747
Victims of Crime Act*	16.575	XH20 03 1030	259,420	78,322
Victims of Crime Act*	16.575	XH21 04 1030	169,762	92,826
<b>Total U.S. Department of Justice</b>			<u>903,300</u>	<u>632,382</u>
<b><u>U.S Department of Health &amp; Human Services</u></b>				
Pass-through California Governor's Office of Emergency Services: Family Violence Prevention & Services/Grants for Battered Women's Shelters	93.671	DV20 35 1030	188,478	186,260
<b>Total Family Violence Prevention &amp; Services/Grants for Battered Women's Shelters</b>			<u>188,478</u>	<u>186,260</u>
Family Violence Prevention & Services/Rape Crisis Program	93.497	RC20 41 1030	103,119	54,876
Family Violence Prevention & Services/Rape Crisis Program	93.497	RC20 32 1030	103,119	58,939
<b>Total Family Violence Prevention &amp; Services/Rape Crisis Program</b>			<u>206,238</u>	<u>113,815</u>
<b>Total U.S. Department of Health &amp; Human Services</b>			<u>394,716</u>	<u>300,075</u>
<b>Total federal awards</b>			<u>\$ 2,051,170</u>	<u>\$ 1,352,376</u>

\*Major program

Project Sanctuary, Inc.  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of Project Sanctuary, Inc. under programs of the federal government for the year ended September 30, 2022. The information in the SEFA 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 SEFA presents only a selected portion of the operations of Project Sanctuary, Inc., it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of Project Sanctuary, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

NOTE 3 - FEDERAL ASSISTANCE LISTING NUMBERS

The Federal Assistance Listing Number included in the accompanying SEFA was determined based on the program name, review of the award contract, and the Office of Management and Budget's Federal Assistance Listing Numbers.

NOTE 4 - INDIRECT COSTS

Project Sanctuary, Inc. elected not to use the 10% de minimis cost rate as covered in the Uniform Guidance Part 200.414 Indirect (F&A) Costs.

NOTE 5 - RELATIONSHIP TO FINANCIAL STATEMENTS

The amounts reported in the accompanying SEFA agree, in all material respects, to amounts reported within Project Sanctuary, Inc.'s financial statements.

NOTE 6 - PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the SEFA shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, Project Sanctuary, Inc. determined that no identifying number is assigned for the program or Project Sanctuary, Inc. was unable to obtain an identifying number from the pass-through entity and the identifying number is shown as unknown.

INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS

To the Board of Directors of  
Project Sanctuary, Inc.  
Ukiah, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Project Sanctuary, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated June 13, 2023.

Report On Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Project Sanctuary, Inc.'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Project Sanctuary, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Project Sanctuary, Inc.'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.

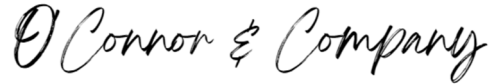
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Project Sanctuary, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



O'Connor & Company

San Rafael, California  
June 13, 2023

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

Board of Directors  
Project Sanctuary, Inc.  
Ukiah, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Project Sanctuary, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Project Sanctuary, Inc.'s major federal programs for the year ended September 30, 2022. Project Sanctuary, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Project Sanctuary, Inc. 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 September 30, 2022.

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 Project Sanctuary, Inc. 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 Project Sanctuary, Inc.'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 Project Sanctuary, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Project Sanctuary, Inc.'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 Project Sanctuary, Inc.'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 Project Sanctuary, Inc.'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 Project Sanctuary, Inc.'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 Project Sanctuary, Inc.'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.

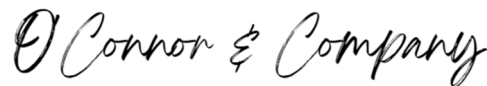
#### Report on Internal Control over Compliance

*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.



O'Connor & Company

San Rafael, California  
June 13, 2023

Project Sanctuary, Inc.  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended September 30, 2022

**Section I – Summary of Auditors’ Results**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
  - A. Material weakness(es) identified? No
  - B. Significant deficiencies identified that were not considered to be material weakness(es)? None reported
  - C. Noncompliance material to financial statements noted? No
3. Internal control over major programs:
  - A. Material weakness(es) identified? No
  - B. Significant deficiencies identified that were not considered to be material weakness(es)? None reported
  - C. Type of auditors’ report issued on compliance for major programs: Unmodified
  - D. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? No
4. Audited as Major Programs:

<u>Federal Assistance Listing Number</u>	<u>Program Name</u>	<u>Expenditures</u>
16.575	Victims of Crime Act	\$ 1,352,376
5. Dollar threshold used to distinguish between type A and type B programs: \$750,000
6. Auditee qualified as a low-risk auditee? No

**Section II – Financial Statement Findings**

There were no financial statement findings.

**Section III – Federal Award Findings and Questioned Costs**

There were no federal award findings and questioned costs.



Project Sanctuary, Inc.  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
For the Year Ended September 30, 2022

Finding is for the following Federal Award:

Federal Assistance Listing Number  
16.575

Program Name  
Victims of Crime Act

Type of Compliance Requirement  
§ 200.501(a) Audit Requirements – Single Audit Required and to be submitted to the Federal Audit Clearinghouse within nine months from fiscal year end

**Finding #2021-001**

Condition:

Project Sanctuary, Inc. had not submitted the audited financial statements to the Federal Audit Clearinghouse within nine months after the fiscal year end as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Criteria:

Project Sanctuary, Inc., a non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal funds must have a single audit conducted for that year in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and submit required financial statements to the Federal Audit Clearinghouse within nine months of the non-Federal entity's fiscal year end.

Effect:

Project Sanctuary, Inc. has breached the terms of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Cause:

Project Sanctuary, Inc. experienced challenges with turnover of fiscal staff as well as the Executive Director position. Although the memorandum M-21-20 released by the Executive Office of the President, Office of Management and Budgets allows audit submission extensions through the fiscal year end June 30, 2021, Project Sanctuary, Inc. still experienced COVID-19 related delays.

Recommendation:

We recommended that Project Sanctuary, Inc. ensure that the audited financial statements are submitted to the Federal Audit Clearinghouse within nine months of the fiscal year end. (June 30.)

Response:

Project Sanctuary, Inc. has implemented policy to procure and complete required auditing services in a timely manner in order to comply with audit requirements.

Status:

Resolved.