

KINGS UNITED WAY
(A Non-profit Corporation)
AUDIT REPORT
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

M. GREEN AND COMPANY LLP
Certified Public Accountants

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M. GREEN AND COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

REBECCA AGREDANO, CPA

MARLA D. BORGES, CPA

NICOLE A. CENTOFANTI, CPA

BRENDA A. DADDINO, CPA

JASON A. FRY, CPA, MSA

ELAINE D. HOPPER, CPA, CFE

R. IAN PARKER, CPA

KRYSTAL PARREIRA, CPA, MSA

MARY L. QUILLIN, CPA

GIUSEPPE SCALIA, CPA

NATALIE H. SIEGEL, CPA

ROSALIND WONG, CPA

KATHERINE B. ALVES, CPA

JAMES G. DWYER, CPA

KEVIN M. GREEN, CPA

GREG GROEN, CPA

WM. KENT JENSEN, CPA

KATHLEEN M. LAMPE, CPA

LYNN M. LAMPE, CPA

ALAN S. MOORE, CPA

KENNETH B. NUNES, CPA

KEITH M. SPRAGUE, CPA

NORIKO A. AWBREY, CPA

DAVID A. BEKEDAM, CPA

TYLER J. CODAY, CPA

MANNY GONZALEZ, CPA

RYAN HOLLINGSWORTH, CPA

GINILU VANDERWALL, CPA

KRISTI WEAVER, CPA

Board of Directors
Kings United Way

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Kings United Way (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021, 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 referred to above present fairly, in all material respects, the financial position of Kings United Way as of December 31, 2021, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kings United Way and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of 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 Kings United Way's ability to continue as a going concern within one year after the date that the financial statements were available to be issued.

Auditors' 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 auditors' 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 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 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- exercise professional judgment and maintain 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 Kings United Way'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 Kings United Way'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.

Other Matter

Report on Summarized Comparative Information

The financial statements of the Organization as of and for the year ended December 31, 2020 were audited by a predecessor auditor. They issued an unmodified opinion dated April 19, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2023, on our consideration of Kings United Way'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 Kings United Way'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 Kings United Way's internal control over financial reporting and compliance.

M. Gruen and Company CP

Visalia, California
June 30, 2023

KINGS UNITED WAY
(A Non-profit Corporation)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 253,116	\$ 251,849
Certificates of deposit	101,888	100,000
Grants receivable	99,228	44,502
Prepaid expenses	3,976	25,925
	<u>458,208</u>	<u>422,276</u>
<u>PROPERTY AND EQUIPMENT, at cost:</u>		
Furniture and equipment	95,254	67,786
Less: accumulated depreciation	<u>(60,925)</u>	<u>(52,552)</u>
	<u>34,329</u>	<u>15,234</u>
<u>OTHER ASSETS:</u>		
Deposit on office lease	<u>1,300</u>	<u>1,300</u>
Total other assets	<u>1,300</u>	<u>1,300</u>
Total assets	<u><u>\$ 493,837</u></u>	<u><u>\$ 438,810</u></u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 6,229	\$ 3,471
Compensated absences	9,959	4,471
Unearned grant revenue	<u>18,398</u>	<u>31,380</u>
Total current liabilities	<u>34,586</u>	<u>39,322</u>
<u>NET ASSETS:</u>		
Without donor restrictions	440,853	399,488
With donor restrictions	<u>18,398</u>	<u>-</u>
Total net assets	<u>459,251</u>	<u>399,488</u>
Total liabilities and net assets	<u><u>\$ 493,837</u></u>	<u><u>\$ 438,810</u></u>

The accompanying notes are an integral part of these statements.

KINGS UNITED WAY
(A Non-profit Corporation)
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
<u>SUPPORT:</u>						
Grants	\$ -	\$ 677,718	\$ 677,718	\$ 975,410	\$ -	\$ 975,410
Campaign Pledges	39,576		39,576	44,842		44,842
Contributions	-	-	-	7,188	-	7,188
Total support	39,576	677,718	717,294	1,027,441	-	1,027,441
<u>REVENUE:</u>						
Fundraisers	40,745	-	40,745	17,539	-	17,539
Investment income	2,042	-	2,042	972	-	972
Other income	47,700	-	47,700	68,386	-	68,386
Total revenue	90,487	-	90,487	86,897	-	86,897
<u>NET ASSETS RELEASED FROM RESTRICTIONS</u>	659,320	(659,320)	-	-	-	-
TOTAL SUPPORT AND REVENUE	789,383	18,398	807,781	1,114,338	-	1,114,338
<u>EXPENSES:</u>						
Program services:	698,353	-	698,353	965,054	-	965,054
Support services:	44,897	-	44,897	46,744	-	46,744
Fundraiser	4,768	-	4,768	1,998	-	1,998
Total expenses	748,018	-	748,018	1,013,796	-	1,013,796
<u>CHANGE IN NET ASSETS</u>	41,365	18,398	59,763	100,542	-	100,542
Net assets, beginning of year	399,488	-	399,488	298,946	-	298,946
Net assets, end of year	<u>\$ 440,853</u>	<u>\$ 18,398</u>	<u>\$ 459,251</u>	<u>\$ 399,488</u>	<u>\$ -</u>	<u>\$ 399,488</u>

The accompanying notes are an integral part of these statements.

KINGS UNITED WAY
(A Non-profit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Program Services				Support Services				
	HUD HMIS	211 Call Center	Other Programs	Sub-Total	Management & General	Fundraising	Sub-Total	2021	2020
Computer support	\$ 64,039	\$ 24,941	\$ 2,093	\$ 91,073	\$ 1,500	\$ -	\$ 1,500	\$ 92,573	\$ 57,958
Dues and subscriptions	-	1,890	197	2,087	180	-	180	2,267	862
Employee benefits	2,851	20,193	1,764	24,808	619	-	619	25,427	25,096
Facility rent	6,324	6,864	5,211	18,399	-	-	-	18,399	16,272
Fundraising expenses	-	-	500	500	2,424	4,744	7,168	7,668	3,406
HUD administration	7,900	-	-	7,900	-	-	-	7,900	5,050
Insurance	1,667	-	-	1,667	-	-	-	1,667	6,415
Office expense	5,059	6,723	4,776	16,558	385	24	409	16,967	3,356
Payroll taxes	9,862	15,481	1,349	26,692	1,383	-	1,383	28,075	26,871
Postage and delivery	-	-	72	72	-	-	-	72	260
Printing and production	38	5,221	312	5,571	157	-	157	5,728	1,071
Professional services	-	74,335	4,705	79,040	-	-	-	79,040	32,491
Program expenses	-	38,930	44,625	83,555	33,185	-	33,185	116,740	490,049
Public relations and marketing	-	39,401	-	39,401	30	-	30	39,431	16,744
Repairs and maintenance	2,378	2,228	70	4,676	-	-	-	4,676	4,106
Salaries and wages	96,591	146,364	35,335	278,290	4,900	-	4,900	283,190	307,728
Telephone and internet	760	3,001	154	3,915	21	-	21	3,936	4,477
Travel and meals	417	530	11	958	94	-	94	1,052	1,052
Training	399	2,146	243	2,788	-	-	-	2,788	2,475
Utilities	766	1,238	26	2,030	19	-	19	2,049	1,863
Total before depreciation	199,051	389,486	101,443	689,980	44,897	4,768	49,665	739,645	1,007,602
Depreciation expense	4,187	4,186	-	8,373	-	-	-	8,373	6,194
Total expenses	\$ 203,238	\$ 393,672	\$ 101,443	\$ 698,353	\$ 44,897	\$ 4,768	\$ 49,665	\$ 748,018	\$ 1,013,796

The accompanying notes are an integral part of these statements.

KINGS UNITED WAY
(A Non-profit Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 59,763	\$ 100,542
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,373	6,194
Non-cash income	(1,888)	-
Decrease (increase) in operating assets:		
Accounts receivable	-	10,000
Grants receivable	(54,726)	25,781
Prepaid expenses	21,949	(14,652)
Increase (decrease) in operating liabilities:		
Accounts payable	2,758	2,897
Unearned grant revenue	(12,982)	21,380
Compensated absences	5,488	1,830
	<u>28,735</u>	<u>153,972</u>
Net cash provided by operating activities		
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Acquisition of property and equipment	(27,468)	(8,011)
Purchase of certificate of deposit	<u>-</u>	<u>(100,000)</u>
Net cash used by investing activities	<u>(27,468)</u>	<u>(108,011)</u>
Net increase in cash and cash equivalents	1,267	45,961
Cash and cash equivalents, beginning of year	<u>251,849</u>	<u>205,888</u>
Cash and cash equivalents, end of year	<u><u>\$ 253,116</u></u>	<u><u>\$ 251,849</u></u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Non-cash investing operations for the years ended December 31, are as follows:

Redemption of certificates of deposit	\$ 100,000	\$ -
Less purchases of certificates of deposits	<u>(100,000)</u>	<u>-</u>
Net proceeds from redemptions	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Purchases of certificates of deposit	\$ 101,675	\$ -
Less redemption of certificates of deposit	(1,675)	-
Less reinvested interest earned on certificates of deposit	<u>(100,000)</u>	<u>-</u>
Net cash paid for purchase of certificates of deposit	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these statements.

**KINGS UNITED WAY
(A Non-profit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

Note 1 – Nature of Activities

Kings United Way (the "Organization") was incorporated in March of 1967 and is a non-profit corporation exempt under Internal Revenue Code Section 501 (c)(3). Its purpose is to solicit donations from residents and companies located in Kings County to benefit local charitable organizations. The Organization conducts its affairs under management of an elected Board of Directors, and salaried Executive Director, and various paid staff and unpaid volunteers.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Organization reports information regarding its financial position and activities into two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information. With respect to the statement of functional expenses, the prior year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Revenue Recognition

Support received is recorded as net assets without donor restrictions or net assets with donor restrictions support, depending on the existence and/or nature of any restrictions.

All support with donor restrictions is reported as an increase in net assets with donor restrictions. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Furthermore, it is the policy of the Organization to show restricted support whose restrictions are met in the same reporting period as support without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

KINGS UNITED WAY
(A Non-profit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For the purposes of these financial statements, the Organization considers cash in checking, cash in savings and all other highly liquid investments with original maturities of three months or less at date of purchase and can be withdrawn on demand to be cash and cash equivalents.

Certificates of Deposit

The certificates of deposit are carried at fair value. The Organization intends to hold the certificates until maturity. Interest is accrued and recognized as income when earned.

Accounts and Grants Receivable

All amounts due were considered to be fully collectible, and accordingly, no allowance for doubtful accounts has been established.

Property and Equipment

Property and equipment are recorded and carried at cost, if purchased, or estimated fair value at the time of contribution, if donated. Such donations are reported as support without donor restrictions unless the donor has restricted the asset for a specific purpose. The Organization's policy is to capitalize assets valued at \$500 or more.

Depreciation of property and equipment is calculated using the straight-line method based on the following estimated useful lives:

Furniture and equipment 5-10 years

Compensated Absences

Employees receive annual leave based upon their length of service. Unused annual leave may be carried over with a cap not to exceed more than two times the amount the employee is entitled to on an annual basis. If cap is reached, accrual will stop until time is used.

Sick leave benefits accumulate; however, the employees do not gain a vested interest in the unused sick leave. Sick leave is recorded as an expenditure in the period the benefit is used.

Functional Allocation of Expenses

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include:

Salaries and Related Expenses - All salaries and related expenses are allocated between Program Services, General and Administrative and Fundraising on the basis of time sheets supporting actual time and effort.

All other expenses are allocated based on management's estimate between the program and support services.

KINGS UNITED WAY
(A Non-profit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Advertising Costs

It is the Organization's policy to expense advertising costs as they are incurred.

Note 3 – Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Accordingly, no provision has been made for income taxes.

Note 4 – Concentration of Credit Risk

The Organization maintains its cash balance at three financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC), up to \$250,000. Cash deposits in excess of federally insured limits at December 31, 2021 and 2020, were \$0 and \$31,860, respectively.

Note 5 – Certificates of Deposit

As of December 31, 2021 and 2020, the Organization has invested in two certificates of deposit with interest rates of 1.54% and 1.55% per annum and maturity dates of March 3, 2022 and March 3, 2021, respectively.

KINGS UNITED WAY
(A Non-profit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 6 – Grants Receivable

Grants receivable consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
EFS National Board Program	\$ -	\$ 2,356
Goodwill Industries of Sacramento Valley and Northern Nevada	6,889	1,125
Tulare County Health and Human Services Agency (Homeless Management Information System Match)	4,525	2,746
Kings County Health and Human Services Agency (Homeless Management Information System Match)	-	1,444
U.S. Department of Housing and Urban Development	9,186	8,663
Kings County Behavioral Health 211	34,272	3,894
Kings County Health and Human Services Agency (211)	19,423	4,010
Kings County Behavioral Health (HUD Match)	-	-
Tulare Kings Homeless Alliance (California Emergency Solutions and Housing)	-	5,378
Tulare Kings Homeless Alliance (California Emergency Solutions and Housing) - Homeless Management Information System)	13,128	4,027
Kings County First 5	11,805	4,933
The Salvation Army (ESG Grant)	-	4,426
Turning Point, Ptv Welcome Center	-	1,500
Totals	<u>\$ 99,228</u>	<u>\$ 44,502</u>

Note 7 – Non-Monetary Contributions

The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs, but which do not meet the criteria for financial statement recognition.

KINGS UNITED WAY
(A Non-profit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 8 – Net Assets

Net assets consisted of the following at December 31:

	2021	2020
Net assets without donor restrictions:		
Undesignated	\$ 440,853	\$ 399,488
Total net assets without donor restrictions	440,853	399,488
Net assets with donor restrictions:		
Subject to expenditure for specified purpose:		
Services for families and children	9,800	-
COVID-19 related expenses	8,598	-
Total net assets with donor restrictions	18,398	-
Total net assets	\$ 459,251	\$ 399,488

Note 9 – Operating Lease

The lease for property 125 West 7th Street in Hanford, California was renewed effective March 1, 2021 with monthly rent payments of \$1,600. Effective April 26, 2022, the lease was extended for a period of four years through June 30, 2026.

As of December 31, 2021, the future minimum lease payments under this non-cancelable lease are as follows:

2022	\$ 19,200
2023	21,000
2024	22,800
2025	22,800
2026	13,200
Total	\$ 99,000

The organization will receive no sublease revenue nor pay any contingent rent associated with this lease.

Note 10 – Pension Plan

The Organization has a SIMPLE IRA retirement plan in which it will match up to 3% for all full-time employees. There is a one year waiting period with immediate vesting. The Board of Directors reserves the right to discontinue the benefit at any time without advance notice. Total pension expense for the years ended December 31, 2021 and 2020, were \$4,053 and \$3,856, respectively.

KINGS UNITED WAY
(A Non-profit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 11 – Liquidity and Availability of Resources

The Organization may receive support from restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors, therefore, financial assets may not be available for general expenditures within one year.

The following reflects the Organizations' financial assets as of December 31, 2021 and 2020 reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions. Amounts available include donor-restricted amounts that are available for expenditure in the following year. Amounts available include donor-restricted amounts that are available for expenditure in the following year.

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 253,116	\$ 251,849
Certificates of deposit	101,888	100,000
Grant receivable	99,228	44,502
Total financial assets	454,232	396,351
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 454,232</u>	<u>\$ 396,351</u>

Note 12 – Fair Value Disclosure

Accounting principles generally accepted in the United States of America require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash and cash equivalents and other short-term assets. For these financial instruments, carrying values approximate fair value.

Note 13 – Reclassification

Certain reclassifications have been made to the 2020 financial statements to confirm to the 2021 presentation.

Note 14 – Subsequent Events

Management has evaluated subsequent events through June 30, 2023, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements. However, subsequent events have occurred, the nature of which have been disclosed in Note 9.

OTHER INDEPENDENT AUDITORS' REPORTS

**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**

Board of Directors
Kings United Way

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 Kings United Way (the Organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated June 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the 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 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 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 determination of financial statement. 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*.

The financial statements of the Organization as of and for the year ended December 31, 2020 were audited by a predecessor auditor. The results of their tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and they issued their report dated April 19, 2022.

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 result 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.

M. Green and Company LLP

Visalia, California
June 30, 2023