

THE FID GROUP

**Formerly known as
ECUMENICAL COUNCIL OF PASADENA AREA
CONGREGATIONS dba**

FRIENDS IN DEED

***FINANCIAL STATEMENTS TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT AS OF
DECEMBER 31, 2020***

**THE FID GROUP dba
FRIENDS IN DEED**

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JEFFREY A. HILL CPA, INC.

19602 Fariman Drive, Carson, CA 90746 • Phone: (310) 749-1014

To the Board of Directors
The FID Group dba Friends in Deed
Pasadena, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of **Friends in Deed** which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenditures and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the organization's 2019 financial statements and in our report dated March 9, 2020 an unqualified opinion was expressed on those financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

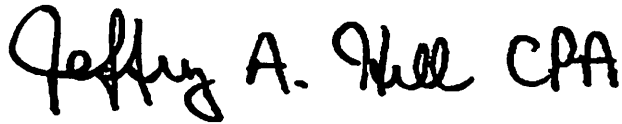
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Friends in Deed** as of December 31, 2020, 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 28, 2021 on our consideration of **Friends in Deed's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 **Friends in Deed's** internal control over financial reporting and compliance.

Handwritten signature of Jeffrey A. Hill CPA in black ink.

Carson, California
May 28, 2021

**THE FID GROUP dba
FRIENDS IN DEED**
STATEMENT OF FINANCIAL POSITION
December 31, 2020
(With comparative totals as of December 31, 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 941,974	\$ 202,224
Investments (CD)	250,000	-
Grants receivable	<u>187,847</u>	<u>202,629</u>
Total current assets	<u>1,379,821</u>	<u>404,853</u>
PROPERTY AND EQUIPMENT:		
Land (Note 3)	6,512	6,512
Buildings (Note 3)	135,220	135,220
Vehicle (Note 3)	60,057	60,057
Furniture and equipment (Note 3)	<u>60,854</u>	<u>55,682</u>
Total property and equipment	262,643	257,471
Less accumulated depreciation	<u>(210,196)</u>	<u>(197,204)</u>
Net property and equipment	<u>52,447</u>	<u>60,267</u>
OTHER ASSETS:		
Security deposit	<u>2,346</u>	<u>2,346</u>
Total assets	<u>\$ 1,434,614</u>	<u>\$ 467,466</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 1,668	\$ -
Payroll liabilities	14,662	-
Accrued vacation (Note 4)	<u>23,853</u>	<u>6,232</u>
Total current liabilities	<u>40,183</u>	<u>6,232</u>
LONG-TERM LIABILITIES:		
PPP loan payable (Note 5)	<u>121,100</u>	<u>-</u>
Total liabilities	<u>161,283</u>	<u>6,232</u>
NET ASSETS:		
Net assets without restrictions	1,174,015	427,493
Net assets with restrictions (Note 6)	<u>99,316</u>	<u>33,741</u>
Total net assets	<u>1,273,331</u>	<u>461,234</u>
Total liabilities and net assets	<u>\$ 1,434,614</u>	<u>\$ 467,466</u>

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

THE FID GROUP dba
FRIENDS IN DEED
STATEMENT OF ACTIVITIES
For the year ended December 31, 2020
(With comparative totals for the year ended December 31, 2019)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total for 2020</u>	<u>Total for 2019</u>
CHANGES IN UNRESTRICTED NET ASSETS:				
Revenues:				
Contributions	\$ 331,504	\$ 769,038	\$ 1,100,542	\$ 393,937
Foundations and grants	270,640	-	270,640	-
Government grants	416,259	-	416,259	447,756
Special events (Net of direct cost of \$20,938)	255,054	-	255,054	266,346
Other income	825	-	825	-
In-kind contributions	254,916	-	254,916	-
Investment income	14	-	14	14
Net assets released from restrictions	<u>703,463</u>	<u>(703,463)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>2,232,675</u>	<u>65,575</u>	<u>2,298,250</u>	<u>1,108,053</u>
Expenses:				
Program expenses	1,266,400	-	1,266,400	817,509
Support services	<u>219,753</u>	<u>-</u>	<u>219,753</u>	<u>245,581</u>
Total expenses	<u>1,486,153</u>	<u>-</u>	<u>1,486,153</u>	<u>1,063,090</u>
Increase in net assets	746,522	65,575	812,097	44,963
Net assets, beginning of the year	<u>427,493</u>	<u>33,741</u>	<u>461,234</u>	<u>416,271</u>
Net assets, end of the year	<u>\$ 1,174,015</u>	<u>\$ 99,316</u>	<u>\$ 1,273,331</u>	<u>461,234</u>

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

**THE FID GROUP dba
FRIENDS IN DEED**
STATEMENT OF FUNCTIONAL EXPENDITURES
For the year ended December 31, 2020
(With comparative totals for the year ended December 31, 2019)

	<u>Program</u>	<u>Support Services</u>	<u>2020 Total Expenditures</u>	<u>2019 Total Expenditures</u>
Expenditures:				
Salaries	\$ 561,285	\$ 53,362	\$ 614,647	\$ 576,156
Employee benefits	48,647	79,051	127,698	121,610
Organizational development	-	-	-	5,792
Fundraising	949	8,539	9,488	51,239
Depreciation	12,991	-	12,991	10,923
Insurance	6,734	10,097	16,831	13,453
Professional fees	2,520	23,881	26,401	8,862
Rent	21,962	11,084	33,046	26,076
Office expense	3,864	25,835	29,699	44,804
Program costs	328,020	1,000	329,020	168,678
Utilities	13,052	136	13,188	16,719
Repairs and maintenance	11,460	6,768	18,228	18,778
In kind	254,916	-	254,916	-
Total expenditures	\$ <u>1,266,400</u>	\$ <u>219,753</u>	\$ <u>1,486,153</u>	\$ <u>1,063,090</u>

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

THE FID GROUP dba
FRIENDS IN DEED
STATEMENT OF CASH FLOWS
For the year ended December 31, 2020
(With comparative totals for the year ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase in net assets	\$ 812,097	\$ 44,963
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,991	10,923
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Grants receivable	14,782	(127,032)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	1,668	-
Payroll liabilities	14,662	-
Accrued vacation	<u>17,621</u>	<u>1,990</u>
Net cash provided by (used by) operating activities	<u>873,821</u>	<u>(69,156)</u>
Cash flows from investing activities:		
Cash paid for investments	(250,000)	-
Cash paid for property and equipment	<u>(5,171)</u>	<u>-</u>
Net cash used by investing activities	<u>(255,171)</u>	<u>-</u>
Cash flows from financing activities:		
Cash from loan proceeds	<u>121,100</u>	<u>-</u>
Net cash provided by financing activities	<u>121,100</u>	<u>-</u>
Net increase (decrease) in cash	739,750	(69,156)
Cash and cash equivalents-beginning of the year	<u>202,224</u>	<u>271,380</u>
Cash and cash equivalents-end of the year	<u>\$ 941,974</u>	<u>\$ 202,224</u>
SUPPLEMENTAL INFORMATION:		
Cash paid for interest expense	<u>\$ -</u>	<u>\$ -</u>

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

THE FID GROUP dba FRIENDS IN DEED
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES

Friends In Deed was created as an interfaith cooperative enterprise to deliver social services to low income and homeless people in the Pasadena area. The current programs of Friends In Deed include a food pantry, a winter homeless shelter, a day shelter for women who are homeless or at risk of homelessness, a homeless prevention program, and a street outreach program. Friends In Deed also has Memorandums of Understanding with six other Pasadena social service organizations in order to more fully meet the needs of our clients. Major sources of revenue are individual donations, government grants, corporate/organization grants and fundraising events.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements are prepared on the accrual basis in accordance with the AICPA's Audit and Accounting Guide, "Not-for-Profit Organizations" which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without Donor Restrictions: - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Friends in Deed. These net assets may be used at the discretion of Friends in Deed's management and the board of directors. Also, contributions that are restricted by the donor are reported as increases in net assets Without Donor Restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Net assets with Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. 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 be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management estimates and assumptions that could affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Friends in Deed consider all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

These notes are an integral part of the preceding financial statements.

THE FID GROUP dba FRIENDS IN DEED
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

GRANTS RECEIVABLE

There is no provision for doubtful accounts as all receivables were considered collectible.

PROPERTY AND EQUIPMENT

Property and equipment acquired is considered to be owned by Friends in Deed while used in the program for which it was purchased or in other future authorized programs; however, the various Federal and state agencies have a reversionary interest in the property and equipment; its disposition as well as the ownership of any proceeds there from is subject to Federal and state regulations. Property and equipment is carried at cost less the related accumulated depreciation. Donated property and equipment is carried at the fair market value at the date of donation. Friends in Deed capitalizes property and equipment purchased with non-government funds having a unit value of \$5,000 or more and a life expectancy of two or more years. Property and equipment purchased with government funds is expensed in the year of purchase. Depreciation is computed using the straight-line method over the estimated life of the property and equipment.

INCOME TAXES

Friends in Deed is an association of churches that is exempt from filing Federal and State income tax returns under Internal Revenue Code Section 501(c) (3) and California State Revenue and Taxation Code Section 23701(d) except on net income derived from unrelated business activities. Friends in Deed did not have any unrelated business income in 2020.

REVENUE RECOGNITION

Friends in Deed recognizes revenue when contract services are provided, revenue is recorded as with restrictions or without restrictions depending on the existence or nature of a contract agreement.

RECOGNITION OF DONOR RESTRICTIONS

Friends in Deed reports gifts of cash and other assets as with restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restriction.

EXPENSE ALLOCATION

The costs of providing the various programs and supporting services have been summarized on a functional basis. Certain allocations have been estimated between program expense and support services.

These notes are an integral part of the preceding financial statements.

THE FID GROUP dba FRIENDS IN DEED
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

IN-KIND CONTRIBUTIONS

Friends in Deed receives donated goods and supplies such as food, clothing and hygiene supplies. These items are recorded as revenue at their fair market value at the date of donation and as expenses when the donated items are distributed. The prior year in-kind contributions were not reported because the internal controls over accounting and reporting had not been established.

FAIR VALUE MEASUREMENTS

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value.

Friends in Deed is required to measure three types of assets and the related revenues at fair value: pledged contributions, non-cash contributions, and certain investments. The techniques used to measure fair value are described in the notes below that relate to each asset/revenue.

Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used at each level:

Level 1 inputs – quoted prices in active markets for identical assets

Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs – estimates using the best information available when there is little or no market.

COMPARATIVE FINANCIAL 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Friends in Deed's financial statements for the year ended December 31, 2019 from which the summarized information was derived.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2020 comprise the following:

<u>Description</u>	<u>Cost</u>	<u>Accum. depreciation</u>	<u>Net book Value</u>
Land*	\$ 6,512	\$ -0-	\$ 6,512
Building*	135,220	(131,424)	3,796
Vehicle	60,057	(21,021)	39,036
Furniture and equipment	<u>60,854</u>	<u>(57,751)</u>	<u>3,103</u>
Net property and equipment	<u>\$ 262,643</u>	<u>\$ (210,196)</u>	<u>\$ 52,447</u>

These notes are an integral part of the preceding financial statements.

THE FID GROUP dba FRIENDS IN DEED
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - PROPERTY AND EQUIPMENT-(continued)

*The land and building consist of a two story 4,288 square foot commercial building built in 1978 on a corner lot at 446 E. Washington Boulevard, Pasadena, California which includes parking spaces for eight vehicles.

Depreciation expense for the year ended December 31, 2020 was \$12,991.

NOTE 4 - COMPENSATED ABSENCES

Employees can earn annual vacation leave at a rate of two weeks after one year of service; three weeks after five years of service; and four weeks after ten years of service. At termination or retirement, employees are paid for any accumulated annual vacation time. The liability for accumulated unpaid vacation at December 31, 2020 is \$23,853.

NOTE 5 - PPP LOAN PAYABLE

At December 31, 2020, Friends in Deed has the following outstanding loan:

Description	Amount
An SBA PPP loan payable to a local bank for \$121,100. The loan is unsecured and has an interest rate of 1%. The terms for repayment of principal and interest will be deferred until the amount of the loan forgiveness is determined in accordance with Section 1106 of the CARES Act. (See Note 11)	\$ <u>121,100</u>
Total outstanding loan	121,100
Less current portion	<u>(-0-)</u>
Long-term portion	\$ <u>121,100</u>

Maturities of long-term debt (principal portion only) as of December 31, 2020 and for the succeeding five years are as follows:

Year ended December 31,	Amount
2021	\$ -0-
2022	-0-
2023	-0-
2024	-0-
2025	-0-
Thereafter	<u>121,100</u>
Total	\$ <u>121,100</u>

These notes are an integral part of the preceding financial statements.

THE FID GROUP dba FRIENDS IN DEED
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2020, are available for the following purposes:

Purpose restriction	Amount available
Bad Weather Shelter	\$ 7,281
Homeless Prevention Program	18,063
Pantry	64,691
Women's Room Program	4,725
The Hot Lunch Program	3,556
Backpacs-2019	1,000
 Total restricted net assets	 \$ 99,316

NOTE 7 - LEASE COMMITMENTS

Friends in Deed entered into a lease agreement for office space and two copiers. The characteristics of these lease agreements are such that they are recorded on the general ledger as operating type leases.

The lease agreements for the copiers commence on various dates and each has a lease term of 60 months. The total expense for lease of copiers for the year ended December 31, 2020 was \$9,781.

The lease agreements for office space commenced on September 1, 2018 and has a term of two years. The total expense for lease of office space for the year ended December 31, 2020 was \$25,266.

The future minimum obligation under these lease agreements is as follows:

Year ended Dec. 31,	Amount
2021	\$ 2,484
2022	2,484
2023	2,484
2024	621
2025	-0-
Thereafter	-0-
 Total	 \$ 8,073

These notes are an integral part of the preceding financial statements.

THE FID GROUP dba FRIENDS IN DEED
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - LIQUIDITY AND AVAILABILITY OF RESOURCES

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 941,974
Investments	250,000
Accounts receivable	<u>187,847</u>
 Total financial assets	 \$ <u>1,379,821</u>

In addition to the financial assets listed above to meet general operating expenses over the next year, Friends in Deed operates with a balance budget and anticipates covering its general operating expenses by collection of revenues and support. Friends in Deed reviews its financial position on a regular basis to ensure adequate financial assets are available to meet general operating expenses.

NOTE 9 - CONCENTRATION OF RISK

Friends in Deed maintains bank accounts at three banks. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Total cash exceeded the federally insured limits by \$455,618 as of December 31, 2020. Management believes that the Friends in Deed is not exposed to any significant credit risk related to cash because of the solvency of the bank in which these funds are held.

NOTE 10 - RECLASSIFICATIONS

Certain reclassifications have been made to the prior year Statement of Functional Expenses so that the December 31, 2019 amounts conform to the December 31, 2020 classifications. These reclassifications had no effect on the change in net assets for the year ended December 31, 2020.

NOTE 11 - SUBSEQUENT EVENTS

Friends in Deed's management has evaluated subsequent events for the period from December 31, 2020 through May 28, 2021, the date the financial statements were available to be issued. Management identified the following event that requires disclosure or that would have an impact on the financial statements.

The PPP loan payable in Note 5 was forgiven by the SBA on March 12, 2021.

These notes are an integral part of the preceding financial statements.

***SUPPLEMENTARY INFORMATION SECTION REQUIRED BY
GOVERNMENT AUDITING STANDARDS***

JEFFREY A. HILL CPA, INC.

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To the Board of Directors
The FID Group dba Friends in Deed
Pasadena, California

INDEPENDENT AUDITOR'S 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

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 **Friends in Deed**, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenditures and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 28, 2021.

Internal Control Over Financial Reporting

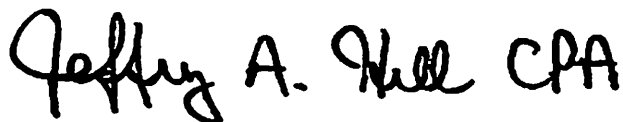
In planning and performing our audit of the financial statements, we considered **Friends in Deed's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Friends in Deed's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Friends in Deed'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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Friends in Deed's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 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.

Handwritten signature of Jeffrey A. Hill CPA in black ink.

Carson, California
May 28, 2021