



MISSEY
Healing Wounds. Breaking Cycles.

MOTIVATING, INSPIRING, SUPPORTING AND SERVING SEXUALLY EXPLOITED YOUTH, INC.

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2021

MOTIVATING, INSPIRING, SUPPORTING AND SERVING SEXUALLY EXPLOITED YOUTH, INC.

TABLE OF CONTENTS

JUNE 30, 2021

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7
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 <i>GOVERNMENT AUDITING STANDARDS</i>	15



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
MOTIVATING, INSPIRING, SUPPORTING AND SERVING SEXUALLY EXPLOITED YOUTH, INC.

Report on the Financial Statements

We have audited the accompanying financial statements of MOTIVATING, INSPIRING, SUPPORTING AND SERVING SEXUALLY EXPLOITED YOUTH, INC. (a California nonprofit corporation), which comprise the statement of financial position as of June 30, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 audit. 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. 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 risks of material misstatement of the financial statements, whether 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 statements 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MOTIVATING, INSPIRING, SUPPORTING AND SERVING SEXUALLY EXPLOITED YOUTH, INC. as of June 30, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021, on our consideration of MOTIVATING, INSPIRING, SUPPORTING AND SERVING SEXUALLY EXPLOITED YOUTH, 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 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 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 MOTIVATING, INSPIRING, SUPPORTING AND SERVING SEXUALLY EXPLOITED YOUTH, INC.'s internal control over financial reporting and compliance.



Tryna Accountancy Corporation

Oakland, California
December 14, 2021

MOTIVATING, INSPIRING, SUPPORTING AND SERVING SEXUALLY EXPLOITED YOUTH, INC.

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 976,718	\$ 244,457	\$ 1,221,175
Accounts receivable	768,161	-	768,161
Prepaid expenses and other assets	<u>99,608</u>	<u>-</u>	<u>99,608</u>
TOTAL CURRENT ASSETS	<u>1,844,487</u>	<u>244,457</u>	<u>2,088,944</u>
Property and equipment, net	<u>36,750</u>	<u>-</u>	<u>36,750</u>
TOTAL ASSETS	<u>\$ 1,881,237</u>	<u>\$ 244,457</u>	<u>\$ 2,125,694</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 123,666	\$ -	\$ 123,666
Accrued payroll	46,750	-	46,750
Accrued vacation	47,776	-	47,776
Deferred revenue	<u>28,425</u>	<u>-</u>	<u>28,425</u>
TOTAL LIABILITIES	<u>246,617</u>	<u>-</u>	<u>246,617</u>
NET ASSETS			
Without donor restrictions			
Undesignated	1,634,620	-	1,634,620
With donor restrictions			
Purpose and time restrictions	<u>-</u>	<u>244,457</u>	<u>244,457</u>
TOTAL NET ASSETS	<u>1,634,620</u>	<u>244,457</u>	<u>1,879,077</u>
TOTAL LIABILITIES and NET ASSETS	<u>\$ 1,881,237</u>	<u>\$ 244,457</u>	<u>\$ 2,125,694</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statement.

MOTIVATING, INSPIRING, SUPPORTING AND SERVING SEXUALLY EXPLOITED YOUTH, INC.

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUES			
Public support			
Grants and donations	\$ 513,606	\$ 365,906	\$ 879,512
In-kind donations	<u>4,210</u>	<u>-</u>	<u>4,210</u>
Total public support	517,816	365,906	883,722
 Fees and grants from government agencies	 1,412,581	 -	 1,412,581
 Other revenues, support and losses			
Program revenue	3,950	-	3,950
Other	5,929	-	5,929
 Net assets released from restrictions	 <u>313,279</u>	 <u>(313,279)</u>	 <u>-</u>
Total public support and revenues	<u>2,253,555</u>	<u>52,627</u>	<u>2,306,182</u>
EXPENSES			
Program services	1,314,485	-	1,314,485
Supporting services			
Management and general	359,235	-	359,235
Fundraising	<u>27,338</u>	<u>-</u>	<u>27,338</u>
TOTAL EXPENSES	<u>1,701,058</u>	<u>-</u>	<u>1,701,058</u>
 Increases (decrease) in net assets	 552,497	 52,627	 605,124
NET ASSETS, beginning of year	<u>1,082,123</u>	<u>191,830</u>	<u>1,273,953</u>
NET ASSETS, end of year	\$ <u>1,634,620</u>	\$ <u>244,457</u>	\$ <u>1,879,077</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statement.

MOTIVATING, INSPIRING, SUPPORTING AND SERVING SEXUALLY EXPLOITED YOUTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	<u>Case Management</u>	<u>Youth Program</u>	<u>Training and Prevention</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 527,209	\$ 354,974	\$ 68,090	\$ 950,273	\$ 83,779	\$ 13,531	\$ 1,047,583
Payroll taxes	25,382	30,866	4,157	60,405	31,489	-	91,894
Benefits	32,001	15,615	4,645	52,261	10,593	-	62,854
Occupancy	35,707	13,682	-	49,389	22,815	-	72,204
Office expenses and supplies	3,234	13,133	-	16,367	20,455	-	36,822
Technology	13,334	-	-	13,334	10,940	563	24,837
Client expenses	23,923	13,391	-	37,314	4,232	-	41,546
Outside services	5,600	250	-	5,850	26,450	-	32,300
Communications	3,490	2,231	130	5,851	7,324	-	13,175
Professional services	17,879	-	-	17,879	91,028	8,036	116,943
Insurance	230	-	-	230	15,950	-	16,180
Travel, meals and mileage	8,095	849	-	8,944	2,298	-	11,242
Staff training and development	6,163	2,520	510	9,193	11,213	-	20,406
Fees, licenses and permits	-	-	-	-	10,869	998	11,867
Other	17,786	9,411	-	27,197	-	-	27,197
Third-party payments, sub grants	59,998	-	-	59,998	-	-	59,998
Depreciation	-	-	-	-	9,800	-	9,800
In-kind expenses	-	-	-	-	-	4,210	4,210
TOTAL EXPENSES	\$ <u>780,031</u>	\$ <u>456,922</u>	\$ <u>77,532</u>	\$ <u>1,314,485</u>	\$ <u>359,235</u>	\$ <u>27,338</u>	\$ <u>1,701,058</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statement.

MOTIVATING, INSPIRING, SUPPORTING AND SERVING SEXUALLY EXPLOITED YOUTH, INC.

**STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	605,124
Adjustments to reconcile increase in net assets to net cash provided /(used) by operating activities:		
Depreciation		9,800
Increase (decrease) in operating assets:		
Accounts receivable		(117,014)
Prepaid expenses and other assets		(85,345)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses		74,695
Accrued payroll		4,752
Accrued vacation		(443)
Deferred revenue		(33,206)
Net cash provided/ (used) by operating activities		<u>458,363</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment		<u>-</u>
Net cash provided / (used) by investing activities		<u>-</u>
Net increase (decrease) in cash and cash equivalents		458,363

Cash and cash equivalents, beginning of year		
Unrestricted cash and cash equivalents		570,982
Restricted cash and cash equivalents		<u>191,830</u>
Total cash and cash equivalents, beginning of year		762,812

Cash and cash equivalents, end of year		
Unrestricted cash and cash equivalents		976,718
Restricted cash and cash equivalents		<u>244,457</u>
Total cash and cash equivalents, end of year	\$	<u><u>1,221,175</u></u>

See Independent Auditor's Report and Accompanying Notes to Financial Statement.

MOTIVATING, INSPIRING, SUPPORTING AND SERVING SEXUALLY EXPLOITED YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of activities

MOTIVATING, INSPIRING, SUPPORTING AND SERVING SEXUALLY EXPLOITED YOUTH, INC. (MISSEY, INC.) advocates and facilitates the empowerment and inner transformation of sexually exploited youth by holistically addressing their specific needs. The Organization collaborates to bring about systemic and community change to prevent the sexual exploitation of children and youth through raising awareness, education and policy development. The Organization is a not-for-profit corporation that operates in Oakland, California. The Organization was formed and commenced its operations in May 2009.

The Organization divides its program activities into three programs as follows:

Case Management – case managers work together with clients by developing personal goals and implementing activities that enable goal achievement. Action steps are concrete and always include connecting clients to community resources. Support is ongoing- daily, weekly, and monthly. Case Managers provide direct services to target Commercially Sexually Exploited Children (CSEC) and at-risk youth, ages twelve to seventeen, who are entering or already part of the Alameda County foster care system. The program also delivers consultation to SSA/Department of Children and Family Services on service design and training strategies for staff who work with CSEC.

Youth Program – case managers work together with clients by developing personal goals and implementing activities that enable goal achievement. Action steps are concrete and always include connecting clients to community resources. Support is ongoing- daily, weekly, and monthly. Case Managers provide direct services to target CSEC and at-risk youth, ages sixteen to twenty-four.

Training and Prevention – offers group or individual instruction for counties and organizations that increases participants' understanding of sexual exploitation and trauma, expands participants' knowledge about best practices for identifying, engaging, and linking at risk girls to services they need. Participants also increase their awareness of available data, reference materials, and community resources.

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Note 2. Summary of significant accounting policies

Adoption of New Accounting Pronouncement

No new standards were adopted during the year ended June 30, 2021. For the year ended June 30, 2020, the Organization implemented *ASU No. 2014-09 - Revenue from Contracts with Customers* that had no material affect on the Organization's revenue recognition. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Financial Statement Presentation

Financial statement presentation follows the requirement of the Financial Accounting Standard Board. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. There was no board-designated endowment as of June 30, 2021.

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 those 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. There were no permanently restricted assets as of June 30, 2021.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of the programs and supporting services have been reported on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by the Organization's management. Salaries and related expenses are allocated based on employees' direct time spent on program or support activities or the best estimate of time spent. Given the collaborative manner in which the Organization delivers its programs, rents are allocated based on staff hours devoted to each program or function. Expenses, other than salaries and related expense, which are not directly identifiable by program or support services, are allocated based on the best management's estimate.

Note 2. Summary of significant accounting policies (Continued)

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying amount approximates fair value because of the short maturity of those instruments.

Contributions and Contributions Receivable

Contributions are recognized as revenue when received or unconditionally promised. Contributions received are recorded as without donor restrictions or with donor restriction support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a donor restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with time and purpose restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional pledges are recognized as receivables and revenue when the conditions on which they depend are substantially met.

Contribution receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Organization uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific promises made. The Organization charges off uncollectible contributions receivable when management determines amounts are not collectable.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, or improvements that significantly prolong the useful lives of the assets are capitalized. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives of three years.

Note 2. Summary of significant accounting policies: Income Taxes (Continued)

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income tax on income under Section 501(c)(3) of the Internal Revenue Code and from state franchise tax under California Revenue and Taxation Code Section 23701 (d). However, income from activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income. There was no tax on unrelated business income for year ended June 30, 2021.

Effective October 1, 2009, the Organization adopted Accounting for Uncertainty in Income Tax guidance *FASB ASC 740 – Accounting for Uncertainty in Income Taxes*. Accordingly, the Organization recognizes the effect of income tax positions only when those positions are more likely than not of being sustained.

Revenue Recognition

The Organization recognizes revenue on the accrual basis of accounting. Service income is recognized as revenue in the period in which the service is provided. Grants are recognized as revenue in the period in which they are awarded in writing, if not conditional. The Organization's primary revenue sources are contracts, grants, donations, and service income.

The Organization recognizes contributions when cash or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable government contracts, which are conditional upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

As of June 30, 2021, the Organization received the one conditional contribution of \$85,000 from The Jensen Project, for which barrier (matching) have not been achieved.

Note 3. Major funding sources

During the year ended June 30, 2021, the Organization received 27%, 21% and 14% of total revenue from State of California, City of Oakland, and Alameda County, respectively.

Note 4. Advertising cost

The Organization follows the policy of expensing the costs of advertising to expense as incurred. During the year ended June 30, 2021, the advertising expenses were \$25,636.

Note 5. Concentration of credit risk

FASB ASC 825 requires disclosure of significant concentrations of credit risk arising from all financial instruments. Concentrations of credit risk financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments. At times, a portion of these cash investments may not be insured by Federal Deposit Insurance Corporation. The potential concentration of credit risk pertaining to temporary cash investments will vary throughout the year depending upon the level of cash deposits versus amounts insured. The Organization is maintaining all deposits in high quality financial institutions. As of June 30, 2021, the Organization had \$964,415 of uninsured bank balances.

Note 6. Accounts receivable

Accounts receivable as of June 30, 2021 are comprised of amounts due from the following sources:

Funders		Amount(s)
Alameda County Social Services Agency	\$	114,058
Cal OES		350,033
City of Oakland OFCY		42,313
City of Oakland OU Star Center		104,367
WestCoast Children Clinic-WCC		85,340
Oakland Unified School District		61,630
Calico Center		10,420
	Total \$	768,161

The Organization uses the allowance method to determine uncollectible accounts receivable. The allowance is based on experience from prior years and management's analysis of specific accounts. Management believes that all accounts receivable are collectable in full, therefore there were no allowance for uncollectible accounts receivable as of June 30, 2021.

Note 7. In-kind contributions

Donated services are recognized as contributions 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 Organization.

During the year ended June 30, 2021 the Organization received donated services from unpaid volunteers that do not satisfy the criteria for recognition under FASB ASC 958-605-25-16.

The Organization had 5 volunteers that provided 104 total hours of services as Board Members for the year ended June 30, 2021.

During the year ended June 30, 2021, the Organization received \$4,010 donated goods and \$200 donated food during the year ended June 30, 2021 that are recorded in the statement of activities.

Note 8. Net assets with donor restrictions

Net assets with donor restrictions consist of contributions and grants designated for specific purposes and unconditional pledges that will be received in the future. The composition of net assets with donor restrictions for the year ended June 30, 2021 are as follows:

Purpose	Amount(s)
Training and prevention program	\$ 224,457
Prevention institute	20,000
Total	\$ 244,457

Note 9. Fees and grants from government agencies

The Organization is funded through the following government grants and contracts:

Funding sources	Contract/ Award	Amount(s)
State of CA: Human Trafficking Victim Assistance CALOES	HV19028673	\$ 524,974
State of CA: WestCoast Children's Clinic	CalOES-WCC	85,407
State of CA: Calico	CFDA 16.575	10,420
City of Oakland DVP OU Star Center	No. 88120	315,000
City of Oakland HSD/OFCY	No. 88190	68,355
City of Oakland Unite Star Center	PO21-03704	90,837
Alameda County Social Services Agency SSA	* 900943	292,588
Alameda County Probation	PROBT-6650	25,000
Total		\$ 1,412,581

* Contract with Alameda County for the period 07/01/2020 – 06/30/2021 #900943, for \$292,588. The total amount spent on the contract during the year ended June 30, 2021 is \$292,588.

Note 10. Leases*Office Lease*

In 2017, the Organization entered a commercial lease for its primary office located in Oakland, California. The lease commenced on September 1, 2017, and will end on September 1, 2021. The monthly rental payment is \$4,300.

The office lease expense for the year ended June 30, 2021 was \$51,600.

Note 10. Leases (Continued)

Equipment Lease

The Organization also signed a lease for a copier with US Bank Equipment Finance. The lease is classified as an operating lease. The term of this lease commenced on September 26, 2019, and will expire on September 26, 2024, with monthly base lease payments for the copier is \$196. The total lease expense for the copier was \$2,807 for the year ended June 30, 2021.

The future minimum payments on the office lease as of June 30, 2021 are as follows:

For the year ended June 30,	Office	Copier	Totals
2022	8,600	2,350	10,950
2023	-	2,350	2,350
2024	-	588	588
Total	\$ 8,600	5,288	13,888

Note 11. Contingencies

Grants and contracts awarded to the Organization are subject to the funding agencies' criteria, contract terms and regulations under which expenditures may be charged. Expenditures are subject to audit under such terms, regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the grants do not comply with the established criteria that govern them. In such cases, the Organization could be held responsible for repayments to the funding agency for the costs or be subject to the reductions of future funding in the amount of the costs. Management does not anticipate any material questioned costs for the contracts and grants administered through the year ended June 30, 2021.

Note 12. Liquidity and availability of financial assets

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Cash and cash equivalents	\$ 1,221,175
Accounts receivable	768,161
Less those unavailable for general expenditures within one year, due to:	
Restricted by donor with time or purpose restrictions	(244,457)
Financial assets available to meet cash needs for general expenditure within one year	\$ <u>1,744,879</u>

\$1,744,879 of financial assets are available to cover the Organization's liquidity needs. The Organization has a goal to maintain sufficient financial assets on hands, which consists of cash and receivables, to meet the total of next fiscal year's projected management and fundraising expenses, which are expected to be approximately \$386,578. Based on projected estimate, the Organization has sufficient liquid cash to cover its current liabilities.

Note 13. Property and equipment

Property and equipment as of June 30, 2021 are as follows:

Property and equipment	\$	49,000
Less accumulated depreciation		<u>(12,250)</u>
Total property and equipment, net	\$	<u><u>36,750</u></u>

For the year ended, June 30, 2021 the Organization recorded \$9,800 in depreciation expense.

Note 14. Subsequent events

In accordance with ASC 855, the Organization evaluated subsequent events for recognition and disclosure through December 14, 2021, the date these financial statements were available to be issued. The Organization entered into a new office lease on July 15, 2021. Otherwise, Management concluded that no other material subsequent events have occurred since June 30, 2021 that required recognition or disclosure in such financial statements.



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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*

To the Board of Directors
of MOTIVATING, INSPIRING, SUPPORTING AND SERVING SEXUALLY EXPLOITED YOUTH, INC.

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 MOTIVATING, INSPIRING, SUPPORTING AND SERVING SEXUALLY EXPLOITED YOUTH, INC. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 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 December 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MOTIVATING, INSPIRING, SUPPORTING AND SERVING SEXUALLY EXPLOITED YOUTH, INC.'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 MOTIVATING, INSPIRING, SUPPORTING AND SERVING SEXUALLY EXPLOITED YOUTH, INC.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the MOTIVATING, INSPIRING, SUPPORTING AND SERVING SEXUALLY EXPLOITED YOUTH, 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MOTIVATING, INSPIRING, SUPPORTING AND SERVING SEXUALLY EXPLOITED YOUTH, 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 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Tryna Accountancy Corporation

Oakland, California
December 14, 2021

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