

**Audited Financial Statements  
and Supplementary Information**



**June 30, 2022 and 2021**

**Quigley & Miron**

**SOMOS Mayfair**  
**Audited Financial Statements and Supplementary Information**  
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## Independent Auditor's Report

Board of Directors  
**SOMOS Mayfair**  
San Jose, California

### Report on the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of SOMOS Mayfair (SOMOS), a nonprofit organization, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 SOMOS as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 SOMOS 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 SOMOS's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS 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 SOMOS'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 SOMOS'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 Matters**

##### *Required Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 report dated March 1, 2023, on our consideration of SOMOS'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 SOMOS's internal control over financial reporting and compliance.

Campbell, California  
March 1, 2023



SOMOS Mayfair  
Statement of Financial Position  
June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,871,340	\$ 1,561,964	\$ 3,433,304
Grants and contributions receivable, net—Note 3	-	1,791,545	1,791,545
Government grants receivable	548,585	-	548,585
Prepaid expenses	99,471	-	99,471
Deposits	7,587	-	7,587
Property and equipment, net—Note 4	124,247	-	124,247
<b>Total Assets</b>	<b><u>\$ 2,651,230</u></b>	<b><u>\$ 3,353,509</u></b>	<b><u>\$ 6,004,739</u></b>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 232,571	\$	\$ 232,571
Accrued vacation	78,849		78,849
Deferred revenue	23,000		23,000
<b>Total Liabilities</b>	<b><u>334,420</u></b>		<b><u>334,420</u></b>
<b>Net Assets</b>			
Without donor restrictions			
Undesignated	1,838,331		1,838,331
Board-designated reserve—Note 7	478,479		478,479
<b>Total Net Assets Without Donor Restrictions</b>	<b><u>2,316,810</u></b>		<b><u>2,316,810</u></b>
With donor restrictions—Note 8			
Specified purpose	-	1,561,964	1,561,964
Time restrictions	-	1,791,545	1,791,545
<b>Total Net Assets</b>	<b><u>2,316,810</u></b>	<b><u>3,353,509</u></b>	<b><u>5,670,319</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 2,651,230</u></b>	<b><u>\$ 3,353,509</u></b>	<b><u>\$ 6,004,739</u></b>

See notes to financial statements.

**SOMOS Mayfair**  
**Statement of Financial Position**  
**June 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,194,375	\$ 1,445,511	\$ 2,639,886
Grants and contributions receivable, net—Note 3	-	3,226,823	3,226,823
Government grants receivable	815,249	-	815,249
Prepaid expenses	36,956	-	36,956
Deposits	4,087	-	4,087
Property and equipment, net—Note 4	77,572	-	77,572
<b>Total Assets</b>	<b><u>\$ 2,128,239</u></b>	<b><u>\$ 4,672,334</u></b>	<b><u>\$ 6,800,573</u></b>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 254,737	\$	\$ 254,737
Accrued vacation	107,002		107,002
<b>Total Liabilities</b>	<b><u>361,739</u></b>		<b><u>361,739</u></b>
<b>Net Assets</b>			
Without donor restrictions			
Undesignated	1,288,809		1,288,809
Board-designated reserve—Note 7	477,691		477,691
<b>Total Net Assets Without Donor Restrictions</b>	<b><u>1,766,500</u></b>		<b><u>1,766,500</u></b>
With donor restrictions—Note 8			
Specified purpose	-	1,445,511	1,445,511
Time restrictions	-	3,226,823	3,226,823
<b>Total Net Assets</b>	<b><u>1,766,500</u></b>	<b><u>4,672,334</u></b>	<b><u>6,438,834</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 2,128,239</u></b>	<b><u>\$ 4,672,334</u></b>	<b><u>\$ 6,800,573</u></b>

See notes to financial statements.

SOMOS Mayfair  
Statement of Activities  
Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Operating Activities</b>			
<b>Support and Revenue</b>			
Government grants	\$ 2,234,684	\$ -	\$ 2,234,684
Foundation grants	1,126,708	1,456,585	2,583,293
Corporate grants	40,800	-	40,800
In-kind contributions — Note 9	197,616	-	197,616
Individual contributions	148,994	-	148,994
Program service income	43,931	-	43,931
Interest and dividend income	1,516	-	1,516
Miscellaneous income	915	-	915
<b>Total Support and Revenue</b>	<b>3,795,164</b>	<b>1,456,585</b>	<b>5,251,749</b>
Net assets released from restrictions	2,775,410	(2,775,410)	-
<b>Total Support, Revenue, and Net Assets Released from Restrictions</b>	<b>6,570,574</b>	<b>(1,318,825)</b>	<b>5,251,749</b>
<b>Expenses</b>			
Program services	5,014,484		5,014,484
Supporting services			
Management and general	705,078		705,078
Fund development	300,702		300,702
<b>Total Expenses</b>	<b>6,020,264</b>		<b>6,020,264</b>
<b>Change in Net Assets From Operations</b>	<b>550,310</b>	<b>(1,318,825)</b>	<b>(768,515)</b>
<b>Change in Net Assets</b>	<b>550,310</b>	<b>(1,318,825)</b>	<b>(768,515)</b>
<b>Net Assets at Beginning of Year</b>	<b>1,766,500</b>	<b>4,672,334</b>	<b>6,438,834</b>
<b>Net Assets at End of Year</b>	<b>\$ 2,316,810</b>	<b>\$ 3,353,509</b>	<b>\$ 5,670,319</b>

See notes to financial statements.

SOMOS Mayfair  
Statement of Activities  
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Activities</b>			
<b>Support and Revenue</b>			
Government grants	\$ 3,023,706	\$ -	\$ 3,023,706
SBA PPP funding—Note 6	18,800	-	18,800
Foundation grants	515,808	2,898,631	3,414,439
Corporate grants	13,534	70,750	84,284
In-kind contributions—Note 9	112,476	-	112,476
Individual contributions	606,969	2,505,000	3,111,969
Special events			
Gross revenue	34,923	-	34,923
Less cost of direct benefits to donors	(2,212)	-	(2,212)
<b>Special Events, Net</b>	<b>32,711</b>	<b>-</b>	<b>32,711</b>
Program service income	72,260	-	72,260
Interest and dividend income	1,182	-	1,182
Miscellaneous income	2,603	-	2,603
<b>Total Support and Revenue</b>	<b>4,400,049</b>	<b>5,474,381</b>	<b>9,874,430</b>
Net assets released from restrictions	2,399,743	(2,399,743)	-
<b>Total Support, Revenue, and Net Assets Released from Restrictions</b>	<b>6,799,792</b>	<b>3,074,638</b>	<b>9,874,430</b>
<b>Expenses</b>			
Program services	5,290,924		5,290,924
Supporting services			
Management and general	568,223		568,223
Fund development	202,081		202,081
<b>Total Expenses</b>	<b>6,061,228</b>		<b>6,061,228</b>
<b>Change in Net Assets From Operations</b>	<b>738,564</b>	<b>3,074,638</b>	<b>3,813,202</b>
<b>Change in Net Assets</b>	<b>738,564</b>	<b>3,074,638</b>	<b>3,813,202</b>
Net Assets at Beginning of Year	1,027,936	1,597,696	2,625,632
<b>Net Assets at End of Year</b>	<b>\$ 1,766,500</b>	<b>\$ 4,672,334</b>	<b>\$ 6,438,834</b>

See notes to financial statements.



SOMOS Mayfair  
Statement of Functional Expenses  
Year Ended June 30, 2022

	Program Services					Total Program Services	Supporting Services		
	Leadership Development	Community Power	Early School Success	Economic Opportunity	In-Our Hands		Management and General	Fund Development	Total
Salaries and wages	\$ 310,578	\$ 446,735	\$ 556,774	\$ -	\$ 953,481	\$ 2,267,568	\$ 431,825	\$ 211,811	\$ 2,911,204
Employee benefits	46,762	58,917	133,355	-	97,711	336,745	70,022	12,032	418,799
Payroll taxes	23,708	24,130	74,749	-	53,892	176,479	35,030	16,272	227,781
<b>Total Personnel</b>	<b>381,048</b>	<b>529,782</b>	<b>764,878</b>		<b>1,105,084</b>	<b>2,780,792</b>	<b>536,877</b>	<b>240,115</b>	<b>3,557,784</b>
Subcontract fees	70,313	-	-	-	969,407	1,039,720	-	-	1,039,720
Contract services	78,270	72,598	50,444	137,714	247,212	586,238	11,330	15,078	612,646
In-kind contributions	24,160	41,240	75,268	6,903	50,045	197,616	-	-	197,616
Supplies	9,672	12,088	63,565	1,805	76,324	163,454	17,518	2,180	183,152
Facilities expense	8,376	13,002	20,631	2,130	38,417	82,556	12,916	16,424	111,896
Professional fees and services	-	-	5,750	-	5,472	11,222	77,618	6,930	95,770
Miscellaneous expenses	1,570	2,420	-	6,719	46,898	57,607	6,733	4,412	68,752
Office expenses	2,870	6,773	12,018	688	20,946	43,295	15,287	10,132	68,714
Professional development	-	813	1,849	50	10,190	12,902	17,923	2,841	33,666
Depreciation and amortization	2,392	3,123	11,338	-	3,893	20,746	3,450	1,522	25,718
Insurance	1,580	2,075	7,476	-	2,689	13,820	2,306	1,003	17,129
Travel and meals	25	1,207	391	-	693	2,316	3,120	65	5,501
Stipends	-	2,200	-	-	-	2,200	-	-	2,200
<b>Total Non-Personnel</b>	<b>199,228</b>	<b>157,539</b>	<b>248,730</b>	<b>156,009</b>	<b>1,472,186</b>	<b>2,233,692</b>	<b>168,201</b>	<b>60,587</b>	<b>2,462,480</b>
<b>Total Expenses</b>	<b>\$ 580,276</b>	<b>\$ 687,321</b>	<b>\$ 1,013,608</b>	<b>\$ 156,009</b>	<b>\$ 2,577,270</b>	<b>\$ 5,014,484</b>	<b>\$ 705,078</b>	<b>\$ 300,702</b>	<b>\$ 6,020,264</b>

See notes to financial statements.

SOMOS Mayfair  
Statement of Functional Expenses  
Year Ended June 30, 2021

	Program Services					Total Program Services	Supporting Services			Total
	Leadership Development	Community Power	Early School Success	Economic Opportunity	In-Our Hands		Management and General	Fund Development	Special Events	
Salaries and wages	\$ 240,535	\$ 566,677	\$ 810,743	\$ 70,974	\$ 211,274	\$ 1,900,203	\$ 287,690	\$ 139,121	\$ -	\$ 2,327,014
Employee benefits	30,244	98,491	159,363	9,612	59,333	357,043	53,354	11,085	-	421,482
Payroll taxes	18,291	58,181	62,455	5,282	1,440	145,649	21,902	10,918	-	178,469
<b>Total Personnel</b>	<b>289,070</b>	<b>723,349</b>	<b>1,032,561</b>	<b>85,868</b>	<b>272,047</b>	<b>2,402,895</b>	<b>362,946</b>	<b>161,124</b>		<b>2,926,965</b>
Subcontract fees	70,000	-	-	-	1,511,626	1,581,626	-	-	-	1,581,626
Contract services	66,382	56,522	80,954	194,415	404,655	802,928	54,491	9,867	-	867,286
In-kind contributions	9,754	15,850	64,169	3,048	6,705	99,526	-	12,950	-	112,476
Supplies	40,004	9,967	54,027	1,923	34,912	140,833	11,857	1,233	-	153,923
Facilities expense	9,789	17,696	24,012	4,853	18,087	74,437	11,941	6,944	-	93,322
Professional fees and services	-	220	6,597	-	4,510	11,327	97,106	-	-	108,433
Miscellaneous expenses	2,394	7,683	8,245	3,470	82,236	104,028	10,196	3,330	-	117,554
Office expenses	3,790	6,063	7,400	1,111	11,076	29,440	9,604	3,832	-	42,876
Professional development	154	1,242	4,949	-	7,601	13,946	5,881	1,265	-	21,092
Depreciation and amortization	2,087	3,668	8,016	404	1,441	15,616	2,365	886	-	18,867
Insurance	1,513	2,723	5,905	289	1,025	11,455	1,738	650	-	13,843
Travel and meals	-	-	-	-	214	214	98	-	-	312
Stipends	-	2,373	-	-	280	2,653	-	-	-	2,653
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	2,212	2,212
<b>Total Non-Personnel</b>	<b>205,867</b>	<b>124,007</b>	<b>264,274</b>	<b>209,513</b>	<b>2,084,368</b>	<b>2,888,029</b>	<b>205,277</b>	<b>40,957</b>	<b>2,212</b>	<b>3,136,475</b>
<b>Total Expenses by Function</b>	<b>494,937</b>	<b>847,356</b>	<b>1,296,835</b>	<b>295,381</b>	<b>2,356,415</b>	<b>5,290,924</b>	<b>568,223</b>	<b>202,081</b>	<b>2,212</b>	<b>6,063,440</b>
Less expenses included with revenues on the statement of activities										
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	(2,212)	(2,212)
<b>Total Expenses</b>	<b>\$ 494,937</b>	<b>\$ 847,356</b>	<b>\$ 1,296,835</b>	<b>\$ 295,381</b>	<b>\$ 2,356,415</b>	<b>\$ 5,290,924</b>	<b>\$ 568,223</b>	<b>\$ 202,081</b>	<b>\$ -</b>	<b>\$ 6,061,228</b>

See notes to financial statements.

SOMOS Mayfair  
Statements of Cash Flows  
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (768,515)	\$ 3,813,202
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
SBA PPP loan forgiveness	-	(10,000)
Depreciation and amortization	25,718	18,867
Changes in operating assets and liabilities:		
Grants and contributions receivable	1,435,278	(2,372,664)
Government grants receivable	266,664	(587,671)
Prepaid expenses	(62,515)	(33,333)
Deposits	(3,500)	-
SBA PPP advance	-	(4,373)
Accounts payable and accrued liabilities	(22,166)	162,800
Accrued vacation	(28,153)	48,981
Deferred revenue	23,000	(18,425)
	<u>865,811</u>	<u>1,017,384</u>
<b>Net Cash Provided by Operating Activities</b>	<b>865,811</b>	<b>1,017,384</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(72,393)	(24,325)
	<u>(72,393)</u>	<u>(24,325)</u>
<b>Net Cash Used in Investing Activities</b>	<b>(72,393)</b>	<b>(24,325)</b>
	<u>793,418</u>	<u>993,059</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>793,418</b>	<b>993,059</b>
<b>Cash and Cash Equivalents at the Beginning of Year</b>	<u>2,639,886</u>	<u>1,646,827</u>
	<u>3,433,304</u>	<u>2,639,886</u>
<b>Cash and Cash Equivalents at the End of Year</b>	<b>\$ 3,433,304</b>	<b>\$ 2,639,886</b>
<b>Supplementary Disclosures</b>		
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

**SOMOS Mayfair**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**Note 1—Organization and Summary of Significant Accounting Policies**

Organization—SOMOS Mayfair (SOMOS) is a California nonprofit public benefit corporation that was incorporated in 1997 to improve the human and physical conditions in the Mayfair area of east San Jose, California. The mission is to support children, organize families, and connect neighbors to uplift the dreams, power, and leadership of the community, and address systemic inequities. SOMOS is led by Board members, staff, and volunteers who are representative of the community it currently serves and who can develop a vision for the future.

Program Services—With the launch of the In Our Hands Campaign (2012), leadership development was identified as the most effective strategy to support the community and develop solutions in response to current economic, housing, and educational crises in the neighborhood. SOMOS developed a grassroots university to train and equip local leaders (Promotores) to become the primary agents of change. They began identifying new priorities in Mayfair, designing alternative programs to fill basic needs, and organizing the larger community for systemic change. The COVID-19 pandemic presented new challenges and demands for our services. The shifts we had to maneuver to respond to an increased need for resources and financial support impacted our service delivery infrastructure, leadership pipeline and overall civic engagement strategies. During FY22, we continued to manage the impacts of the pandemic and developed strategies to increase resources aimed at our neighborhood. We expanded our operation across three sites including our new offices, Quetzal Gardens, and transitioned from a single executive director to a co-executive directorship model. During this transition, community leaders and staff developed a series of recommendations to create a path forward for the organization to expand its leadership development pipeline. Our North Star is to continue to build sustainable community power via leadership development, increasing access to resources and community organizing as the organization reaches its 25th year of existence.

Our most impactful programmatic strategies include:

*Leadership Development and Learning* —As community members recognize their strengths and abilities through mentorship, intentional learning, and practice, we sustain a leadership brand that generates more leaders. In SOMOS' Universidad Popular de Mayfair (UPM), leaders continue their growth, further developing skills, and deepening their analysis to catalyze changes impacting the neighborhood. Despite the pandemic, we maintained a leadership engagement of 114 leaders in our year-long UPM; and, over 150 community members were active in our mutual aid support strategy, as a way to promote resiliency and cooperatives during this critical time. To address the need for self-care and recovery efforts, we prioritized training in somatic and wellbeing practices across teams. During this fiscal year, SOMOS Mayfair recognized over 700 committed leaders (*Promotores and volunteers*) who took on leadership roles across all projects in the organization.

*Community Power*—Our community-organizing efforts support movement-building in our neighborhood and schools to elevate their needs and decision-making power. Parents and residents engage in participatory action, analysis, priority setting, relationship building, and tactical strategies to advance an equity platform developed by community and for community. This platform includes advocating for dignified resources for our schools, protecting current tenants in our neighborhood, and promoting the smart development of affordable housing without displacement. During this fiscal year, we identified a potential housing development project through a series of community learning and partnership-building efforts; we secured County support to explore the creation of a Community Development Corporation in Mayfair; and, we stood by children's health by elevating the exposure to lead from jet fuel, firmly supporting a community vision to repurpose the Reid Hillview Airport. At the state level, our work was critical in the passage of a Local Preference Bill to combat displacement, and offer cities tools to keep its residents housed in under-resourced neighborhoods and *barrios* at-risk of being gentrified.

## SOMOS Mayfair

### Notes to Financial Statements—Continued

#### Note 1—Organization and Summary of Significant Accounting Policies—Continued

*Early Learning and Family Strengthening*—Certified *Promotores* lead peer-to-peer programs and activities with parents and children to promote family and early learning practices. Over 300 children and adults participated in our Bridge to Kindergarten. Through our Family Resource Center, our programs aim to enrich family strengthening practices and social-emotional learning while providing basic needs assistance and referrals to a larger safety net. During the pandemic, SOMOS Mayfair retooled its service provision strategies and provided large quantities of PPE, hygiene products, diapers, and formula to over 6,000 families. Furthermore, our Cesar Chavez Family Resource was a key partner in the Santa Clara County “Demonstration” Site efforts, featured as a model, excelling at providing culturally relevant programming, leadership development and community organizing as key components to family strengthening practices. The Family Resource Center launched a Community Advisory community, increased training to staff, and developed stronger relationships with other *Sí Se Puede* Collective partners. During the pandemic, SOMOS Mayfair distributed over \$25,000 in rapid financial assistance to families in East San Jose.

*Economic Opportunity*—Families need increased economic opportunities to break away from cycles of generational poverty. Through *SOMOS Fuertes*, the organization continues to support two worker-owned cooperatives to further advance economic mobility and justice in Mayfair and the broader South Bay. During this fiscal year, the FUERTES team increased its professional development efforts, centering their support on workers learning how to navigate virtual spaces and technology. We also convened a cohort of “traditionally excluded workers” and staff members working together to map the new iteration of FUERTES and identify a new advocacy priority for the team. As we advance this strategy in the future, we look towards providing opportunities for our SSPC partners and the larger community to participate.

*Sí Se Puede Collective (SSPC)* —The SSPC Mayfair neighborhood platform serves as a strategic cornerstone of our collective community needs. In this platform we articulate community demands, such as high-quality public education, increased access to resources and opportunities, more permanently affordable housing, environmental equity, cultural assets and community identity, deeper democracy, and economic justice. SOMOS Mayfair, as the backbone agency of the SSPC (Amigos de Guadalupe, Grail Family Services, School of Arts and Culture, SOMOS Mayfair and Veggielution), worked with local government agencies to support Santa Clara County-wide outreach and education campaigns, COVID-19 testing, and vaccination efforts in the Mayfair Community during the COVID-19 pandemic. We connected with over 50,000 residents to provide them with COVID-19 resources, vaccination information, testing, and other essential services available to mitigate the ongoing crises. In total, we collectively scheduled over 25,000 vaccines to be administered and we distributed over 15,000 Covid Tests and distributed over 30,000 PPE kits via our Community Health Worker/Promotora Network. During FY22, \$2 million of our programmatic expenses were in support of COVID-19 response. In addition, we added additional capacity to strengthen a no-wrong door approach across all partners.

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with generally accepted accounting principals in the United States of America. SOMOS’s net assets are classified based on the existence or absence of donor-imposed restrictions.

As such, the net assets of SOMOS and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of SOMOS. These net assets may be used at the discretion of SOMOS’s management and the board of directors.

## SOMOS Mayfair

### Notes to Financial Statements—Continued

#### Note 1—Organization and Summary of Significant Accounting Policies—Continued

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of SOMOS and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit SOMOS to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of SOMOS's leadership activities, early education initiatives, and other areas assisting to the community. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature. SOMOS did not engage in any reportable nonoperating activities during the years ended June 30, 2022 and 2021.

Income Taxes—SOMOS is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code), and from California state income taxes under Section 23701(d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes is included in the financial statements. In addition, SOMOS has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination.

Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at June 30, 2022 and 2021. Generally, SOMOS' information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing. SOMOS had no open federal or state examinations during the years ended June 30, 2021 or 2020.

Cash and Cash Equivalents—Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents represent money market funds which are invested in high credit quality financial institutions.

Recently Adopted Accounting Principle—In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. There are additional required disclosures regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity's policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. SOMOS has adopted ASU No. 2020-07 for the year ended June 30, 2022 on a retrospective basis, which resulted in no change to revenue previously reported and no effect on revenue reported for the years ended June 30, 2022 and 2021.

## SOMOS Mayfair

### Notes to Financial Statements—Continued

#### Note 1—Organization and Summary of Significant Accounting Policies—Continued

Grants and Contributions Receivable—Grants receivable represent pledges from foundations, corporations and individuals. SOMOS considers all grants and contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

Government Grants Receivable—Government grants receivable consists of amounts due from government agencies. SOMOS considers all government grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

Property and Equipment—Property and equipment are recorded at cost or estimated fair value for donated items. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets (3-10 years for equipment). Depreciation is allocated to the activity benefitting from the use of the property or equipment. Amounts over \$1,500 are capitalized when such amounts are determined to benefit future periods.

Accrued Vacation—Accrued vacation represents vacation earned, but not taken, as of the end of the fiscal year. The accrued vacation balances as of June 30, 2022 and 2021 were \$78,849 and \$107,002, respectively.

Revenue Recognition—SOMOS's revenue recognition policies are as follows:

Government grants—SOMOS receives government grants which are considered to be conditional grants until the services are performed. Once the corresponding service has been provided, the grant is recorded as an unconditional contribution in the statement of activities.

Program Service Income—Program service income consists of revenue earned by the SOMOS economic development program for outreach and facilitation work. The income is recognized as the services are performed.

Contributions—Contributions are recognized when the donor makes a promise to SOMOS that is, in substance, unconditional. SOMOS reports gifts of cash and other assets as restricted support 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In-Kind Contributions—SOMOS records the value of donated materials and services at their fair value at the date of donation. In-kind services are recorded only if the 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 provided by donation.

Interest and dividend income—Interest and dividend income earned on investments is recognized when received and is reported as interest and dividends under revenue and support in the statement of activities.

Special event income—Special event income is recognized when such income is received.

**SOMOS Mayfair**  
**Notes to Financial Statements—Continued**

**Note 1—Organization and Summary of Significant Accounting Policies—Continued**

Advertising—Advertising costs are expensed as incurred and amounted to \$2,605 for the year ended June 30, 2022. There were no advertising expenses for the year ended June 30, 2021.

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 the 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses—The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Functional allocation expenses are allocated as follows:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and wages	Full-time equivalents
Employee benefits	Full-time equivalents
Payroll taxes	Full-time equivalents
Subcontract fees	Time and effort
Contract services	Time and effort
In-kind contributions	Full-time equivalents
Supplies	Time and effort
Facilities expense	Full-time equivalents
Professional fees and services	Time and effort
Miscellaneous expenses	Full-time equivalents
Office expenses	Full-time equivalents
Professional development	Time and effort
Depreciation and amortization	Full-time equivalents
Insurance	Full-time equivalents
Travel and meals	Time and effort
Stipends	Time and effort

**Note 2—Availability and Liquidity**

The SOMOS's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of SOMOS' liquidity plan, excess cash is invested in money market accounts. SOMOS has a \$500,000 line of credit available to meet cash flow needs. SOMOS also has a board-designated reserve with a balance of \$478,479 and \$477,691 at June 30, 2022 and 2021, respectively, which can be used to support operating needs if necessary.



**SOMOS Mayfair**  
**Notes to Financial Statements—Continued**

**Note 2—Availability and Liquidity—Continued**

The following represents the availability and liquidity of SOMOS's financial assets at June 30, 2022 and 2021 to cover operating expenses for the next fiscal year:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,433,304	\$ 2,639,886
Grants and contributions receivable	1,791,545	3,226,823
Government grants receivable	548,585	815,249
<b>Total Financial Assets</b>	<b>5,773,434</b>	<b>6,681,958</b>
Less amounts purpose-restricted or not available within one year:		
Cash and cash equivalents	(1,561,964)	(1,445,511)
Grants and contributions receivable, net	(1,420,595)	(2,366,823)
Board-designated reserve	(478,479)	(477,691)
<b>Current Availability of Financial Assets</b>	<b><u>\$ 2,312,396</u></b>	<b><u>\$ 2,391,933</u></b>

**Note 3—Grants and Contributions Receivable, Net**

Net grants and contributions receivable at June 30, 2022 and 2021 are due from various foundations and individuals which consist of the following:

	<u>2022</u>	<u>2021</u>
Foundations	\$ 793,845	\$ 1,255,475
Individuals	1,000,000	2,000,000
<b>Total Grants and Contributions Receivable</b>	<b>1,793,845</b>	<b>3,255,475</b>
Less discount at 2%	(2,300)	(28,652)
<b>Net</b>	<b><u>\$ 1,791,545</u></b>	<b><u>\$ 3,226,823</u></b>

The receivable balances at June 30, 2022 and 2021 due in excess of one year were discounted at 2% to account for time value of money.

Future estimated receipts of grant and contribution receivable are as follows:

<u>Year Ending June 30,</u>	
2023	\$ 1,683,845
2024	110,000
<b>Total</b>	<b><u>\$ 1,793,845</u></b>

**SOMOS Mayfair**  
**Notes to Financial Statements—Continued**

**Note 4—Property and Equipment**

The cost of property and equipment and related accumulated depreciation and amortization at June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Furniture, fixtures, and equipment	\$ 342,040	\$ 269,647
Leasehold improvements	46,368	46,368
	<u><b>Total</b></u>	<u><b>316,015</b></u>
	388,408	316,015
Less accumulated depreciation and amortization	(264,161)	(238,443)
	<u><b>Net</b></u>	<u><b>\$ 77,572</b></u>
	<u><b>\$ 124,247</b></u>	<u><b>\$ 77,572</b></u>

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 was \$25,718 and \$18,867, respectively.

**Note 5—Line of Credit**

SOMOS has an unsecured, revolving line of credit with Fremont Bank, with a credit limit of \$250,000 through October 3, 2021 at a variable rate of prime plus 2%, with a 6% floor. On September 17, 2021, the line of credit was renewed with an increased credit limit of \$500,000, at a variable rate of prime plus 1.25%, maturing on October 3, 2023. There were no outstanding balances at June 30, 2022 and 2021.

**Note 6—SBA PPP Funding**

On April 15, 2020, SOMOS received funding in the amount of \$495,600 from the Small Business Administration (SBA) through the Paycheck Protection Program (PPP). SOMOS has elected to treat \$485,600 as an advance and \$10,000 as a loan, as SOMOS also received a \$10,000 Economic Injury Disaster Loan (EIDL) grant which reduces the amount that can ultimately be recognized as income on the PPP funding. The funding is designed to provide a direct incentive for non-profit organizations to keep their workers on the payroll during the global pandemic (see Note 14). The \$10,000 loan portion of the PPP funding does not require any payments for six months, carries a 1% interest rate, matures in two years, requires no collateral, and is federally guaranteed. Qualified payroll, rent, mortgage interest, and/or utilities paid during the twenty-four-week period after loan origination are eligible for forgiveness. As of June 30, 2020, SOMOS has determined that it has met the requirements for forgiveness and has recorded grant income of \$481,227 in the statement of activities for the year ended June 30, 2020. A balance of \$4,373 remained outstanding and was recorded as an advance liability in the statement of financial position at June 30, 2020. The conditions were met during the year ended June 30, 2021 and the \$4,373 was recorded as grant income, along with the \$10,000 PPP loan and accrued interest of \$4,427. The advance was recognized as SBA PPP funding in the statement of activities during the year ended June 30, 2021.

**SOMOS Mayfair**  
**Notes to Financial Statements—Continued**

**Note 7—Net Assets Without Donor Restrictions**

Net assets without donor restrictions for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 1,838,331	\$ 1,288,809
Board-designated operating reserve	478,479	477,691
<b>Total Net Assets Without Donor Restrictions</b>	<b><u>\$ 2,316,810</u></b>	<b><u>\$ 1,766,500</u></b>

The board-designated reserve is a voluntary, board-approved segregation of net assets without donor restrictions for specific purposes, projects or investments. The reserve at June 30, 2022 and 2021 consists of cash assets designated to protect SOMOS from devastating economic or other misfortune. The reserve totaled \$478,479 and \$477,691 at June 30, 2022 and 2021, respectively.

**Note 8—Net Assets with Donor Restrictions**

Net assets with donor restrictions for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
In Our Hands	\$ 1,304,857	\$ 1,016,994
Community organizing	60,424	320,017
Fund development	45,262	53,500
Early Learning	-	30,000
Leadership development	151,421	25,000
<b>Total Subject to Expenditure for Specified Purpose</b>	<b><u>1,561,964</u></b>	<b><u>1,445,511</u></b>
Subject to time restrictions:		
General operations	830,250	1,448,000
Early Learning	128,700	-
In Our Hands	832,595	1,778,823
<b>Total Subject to Time Restrictions</b>	<b><u>1,791,545</u></b>	<b><u>3,226,823</u></b>
<b>Total Net Assets with Donor Restrictions</b>	<b><u>\$ 3,353,509</u></b>	<b><u>\$ 4,672,334</u></b>

**SOMOS Mayfair**  
**Notes to Financial Statements—Continued**

**Note 8—Net Assets with Donor Restrictions—Continued**

Net assets released from donor restrictions for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions:		
Community organizing	\$ 349,494	\$ 747,609
In Our Hands	1,249,099	1,121,241
Early Learning	100,000	83,456
General program expense	-	18,875
Economic opportunity	-	12,062
Fund development	33,238	6,500
Leadership development	183,579	-
<b>Total Satisfaction of Purpose Restrictions</b>	<b>1,915,410</b>	<b>1,989,743</b>
Satisfaction of passage of time	860,000	410,000
<b>Total Net Assets Released from Donor Restrictions</b>	<b><u>\$ 2,775,410</u></b>	<b><u>\$ 2,399,743</u></b>

**Note 9—In-Kind Contributions**

In-kind contributions include contributions of in-kind use of facilities and supplies used in operations of programs and other activities. For the years ended June 30, 2022 and 2021, in-kind contributions are reported in the statement of activities under public support and revenue, and in the statement of functional expenses under the following expense captions:

	<u>2022</u>	<u>2021</u>
From school district partners:		
Facilities expense	\$ 88,996	\$ 55,396
<b>Total From School District Partners</b>	<b>88,996</b>	<b>55,396</b>
From others:		
Supplies	90,721	29,810
Professional fees and services	17,899	27,270
<b>Total From Others</b>	<b>108,620</b>	<b>57,080</b>
<b>Totals</b>	<b><u>\$ 197,616</u></b>	<b><u>\$ 112,476</u></b>

Use of facilities consist of classroom space used for alternative programs, which is valued at the estimated fair value of the space of \$4.19 per square feet amounting to \$88,996 and \$55,396 for the years ended June 30, 2022 and 2021, respectively. Supplies are valued at the estimated fair market value at the time of donation totaling \$90,721 and \$27,810 for the years ended June 30, 2022 and 2021, respectively. Professional fees are provided by individuals possessing specialized skill and valued at the estimated hourly rate of \$41 per hour amounting to \$17,899 and \$27,270 for the years ended June 30, 2022 and 2021, respectively. The in-kind contributions were received without donor restrictions.

**SOMOS Mayfair**  
**Notes to Financial Statements—Continued**

**Note 10—Operating Lease Commitments**

Since June 25, 2007, SOMOS has leased office, program, and storage space in the Annex building of La Trinidad United Methodist Church. The lease ended March 31, 2022. The leases have been renewed though May 31, 2024.

On September 9, 2021, SOMOS entered into a lease agreement with Quetzal Gardens, L.P. to lease office, program and storage space at 1695 Alum Rock Ave, Ste 10 in San Jose, California. Occupancy commenced in March 2022 with an initial 5-year term.

Future minimum annual rental commitments by year for these operating leases at June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	
2023	\$ 42,000
2024	43,470
2025	44,991
2026	46,566
2027	36,147
	<hr/>
<b>Total</b>	<b>\$ <u>213,174</u></b>

Operating lease expenses during the years ended June 30, 2022 and 2021 totaled \$61,302 and \$47,238, respectively, and are included in facilities expense on the statement of functional expenses.

**Note 11—Employee Benefit Plan**

SOMOS has a 401(k) retirement plan for all employees who have reached the age of 21 years and have completed one year of service. SOMOS started to match employee contributions as of January 1, 2022. The total match contributions amount for June 30, 2022 is \$19,779. There were no match contributions for June 30, 2021.

**Note 12—Contingencies**

Grants and contracts awarded to SOMOS are subject to their funding agencies' criteria, contract terms, and regulations, under which expenditures may be charged and are subject to audit. Occasionally, such audits may determine that certain costs incurred in connection with the grants do not comply with the established criteria that govern them. In such cases, SOMOS could be held responsible for repayments to the funding agency for the costs or be subject to a reduction of future funding in the amount of the costs.

Management does not anticipate any material questioned costs for the contracts and grants administered during the period. SOMOS would be responsible for the absorption of any over-expenditure of its restricted grants which cannot be covered by additional grant funds or contributions from other sources.

## **SOMOS Mayfair**

### **Notes to Financial Statements—Continued**

#### **Note 13—New Accounting Pronouncements**

Leases—In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. This amendment is applicable to leases with terms exceeding 12 months and requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease is required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is to be applied using the modified retrospective approach and is effective for nonprofit organizations with fiscal years beginning after December 15, 2021, with early adoption permitted. SOMOS is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

#### **Note 14—Risks and Uncertainties**

In early March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been, and continues to be, severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. SOMOS has continued to conduct its activities, primarily on a remote basis, and to monitor the ongoing impact of the pandemic response on its overall operations including sources of funding. At the time of this reporting, the cumulative financial impact of the pandemic on the SOMOS, if any, cannot be fully determined, therefore no related adjustment has been made to these financial statements.

#### **Note 15—Subsequent Events**

Management has evaluated subsequent events through March 1, 2023, which is the date the financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.

SOMOS Mayfair  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

Federal Department/ Federal Program Title/ Pass-Through Agency	Federal Assistance Listing Number	Grantor's Number	Federal Grant Amount	Grant Period	Expenditures	Subrecipients
<b>U.S Department of Housing and Urban Development</b>						
Community Development Block Grants/Entitlement Grants						
Passed through:						
City of San Jose	14.218	CDBGCV -20-004	\$ 114,824	7/1/21-9/21/21	\$ 114,824	\$ 45,906
	14.218	CPS-16-016G	150,000	7/1/21-6/30/22	149,824	70,312
<b>Total Assistance Listing No. 14.218</b>					<b>264,648</b>	<b>116,218</b>
<b>Total U.S Department of Housing and Urban Development</b>					<b>264,648</b>	<b>116,218</b>
<b>U.S. Department of Health and Human Services</b>						
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)						
Passed through:						
Santa Clara County, Public Health Department	93.323	43000190171	1,476,526	8/1/20-8/31/21	234,401	154,808
	93.323	4300021333	1,000,000	9/1/21-7/31/23	325,582	112,408
	93.323	4300019754	416,203	12/8/20-8/31/21	98,767	
California Department of Public Health and School of Arts and Culture	93.323	21-10263	26,636	7/1/21-6/30/22	26,636	
<b>Total Assistance Listing No. 93.323</b>					<b>685,386</b>	<b>267,216</b>
Activities to Support State, Tribal and Territorial (STLT) Health Department Response to Public Healthcare Crisis						
Passed through:						
Santa Clara County, Public Health Department	93.391	4300021333	700,000	9/1/21-7/31/23	51,803	31,687
<b>Total Assistance Listing No. 93.391</b>					<b>51,803</b>	<b>411,311</b>
<b>Total U.S Department of Health and Human Services</b>					<b>737,189</b>	<b>678,527</b>
<b>Total Federal Awards</b>					<b>\$ 1,001,837</b>	<b>\$ 794,745</b>

See accompanying notes to schedule of expenditures of federal awards.

**SOMOS Mayfair**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

**Note 1—Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of SOMOS Mayfair under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with 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). Because the schedule presents only a selected portion of the operations of SOMOS Mayfair, it is not intended to and does not present the financial position, changes in net assets, or cash flows of SOMOS Mayfair.

**Note 2—Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the schedule represent adjustments or credits made in the normal course of operations to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**Note 3—Indirect Cost Rate**

SOMOS Mayfair has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**SOMOS Mayfair  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2022**

There were no prior year audit findings.

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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***

Board of Directors  
**SOMOS Mayfair**  
San Jose, California

We have audited 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, the financial statements of SOMOS Mayfair (SOMOS), which comprise the statement of financial position as of June 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 and have issued our report thereon dated March 1, 2023.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered SOMOS's internal control over financial reporting 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 SOMOS's internal control. Accordingly, we do not express an opinion on the effectiveness of SOMOS'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 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 SOMOS's financial statements are free of 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 SOMOS's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SOMOS's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Ziegler & Diron". The signature is written in a cursive, flowing style.

Campbell, California  
March 1, 2023

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## **Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance**

Board of Directors  
**SOMOS Mayfair**  
San Jose, California

### **Report on Compliance for Each Major Federal Program**

#### *Opinion on Each Major Federal Program*

We have audited SOMOS Mayfair's (SOMOS) 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 SOMOS's major federal programs for the year ended June 30, 2022. SOMOS's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the SOMOS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal award programs for the year ended June 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 SOMOS 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 SOMOS's compliance with the compliance requirements referred to above.

#### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the SOMOS'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 SOMOS'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 GAAS, *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 SOMOS's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 SOMOS'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 SOMOS'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 SOMOS'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 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.

**Purpose of This Report**

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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Quigley & Miron". The signature is written in a cursive, flowing style.

Campbell, California  
March 1, 2023

**SOMOS Mayfair  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2022**

**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of SOMOS Mayfair were prepared in accordance with accounting principles generally accepted in the United States of America.
2. No material weaknesses or significant deficiencies relating to internal control over financial reporting were identified during the audit.
3. No instances of noncompliance material to the financial statements of SOMOS Mayfair were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to internal control over major programs were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs of SOMOS Mayfair expresses an unmodified opinion.
6. There were no audit findings that required reporting in this schedule in accordance with Title 2 U.S. *Code of Federal Regulations* section 200.516(a).
7. The programs tested as major programs were the U.S. Department of Treasury Epidemiology and Laboratory Capacity for Infectious Diseases, Santa Clara County, Public health Department, Assistance Listing No. 93.323.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. SOMOS Mayfair was determined not to be a low-risk auditee.

**B. Findings—Financial Statements Audit**

None

**C. Findings and Questioned Costs—Major Federal Award Program**

None

**SOMOS Mayfair  
Corrective Active Plan  
June 30, 2022**

As there were no audit findings or questioned costs for the year ended June 30, 2022, a corrective action plan is not required.