

**MAITRI COMPASSIONATE CARE**

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**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2020  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019**

**IZABAL, BERNACIAK & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS**

**MAITRI COMPASSIONATE CARE  
AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019**

**TABLE OF CONTENTS**

<b><u>Financial Statements</u></b>	<b><u>Page</u></b>
Independent Auditor’s Report .....	1-2
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7-14
<b><u>Supplementary Information</u></b>	
Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance .....	15
Schedule of Expenditures of Federal Awards .....	16
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> .....	17-18
Independent Auditor’s Report on Compliance on Each Major Program and On Internal Control Over Compliance Required by the Uniform Guidance .....	19-20
Schedule of Findings and Questioned Costs .....	21
Summary Schedule of Prior Year Audit Findings .....	22

**IZABAL, BERNACIAK & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
**MAITRI COMPASSIONATE CARE**  
San Francisco, California

**Report on Financial Statements**

We have audited the accompanying financial statements of Maitri Compassionate Care ("Maitri"), which comprise the statement of financial position as of June 30, 2020, 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 Maitri'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 Maitri'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 Maitri as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

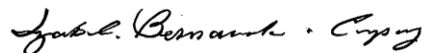
We had audited Maitri's 2019 financial statements, and our report dated December 18, 2019, we expressed an unmodified opinion on those audited finance statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2020 on our consideration of Maitri'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 Maitri's internal control over financial reporting and compliance.

## **Adoption of New Accounting Standard**

As discussed in Note 2 to the financial statements, Maitri adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958): Not for Profit Entities*. Our opinion is not modified with respect to this matter.



San Francisco, California  
December 4, 2020

**MAITRI COMPASSIONATE CARE  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets:</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,026,592	\$ 19,679
Grants & Contracts Receivable	143,389	286,017
Prepaid Expenses	86,573	124,266
Total Current Assets	<u>1,256,554</u>	<u>429,962</u>
Operating Reserve	136,720	236,176
Replacement Reserve	100,623	100,274
Deposits	-	165
Property & Equipment, Net	<u>1,885,328</u>	<u>1,888,844</u>
<b>Total Assets</b>	<u>\$ 3,379,225</u>	<u>\$ 2,655,421</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 39,024	\$ 53,072
Accrued Wages & Payroll Taxes	71,498	78,786
Accrued Vacation Payable	101,815	77,848
Current Portion of Long-Term Debt	24,045	24,045
Total Current Liabilities	<u>236,382</u>	<u>233,751</u>
PPP Loan Payable- Noncurrent	328,811	-
Deposits Payable	90,000	90,000
Long-Term Debt	<u>404,570</u>	<u>428,615</u>
<b>Total Liabilities</b>	<u>1,059,763</u>	<u>752,366</u>
<b>Net Assets:</b>		
Net Assets Without Donor Restrictions	1,666,581	1,204,676
Net Assets With Donor Restrictions	652,881	698,379
<b>Total Net Assets</b>	<u>2,319,462</u>	<u>1,903,055</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 3,379,225</u>	<u>\$ 2,655,421</u>

See notes to financial statements

**MAITRI COMPASSIONATE CARE  
STATEMENT OF ACTIVITIES  
JUNE 30, 2020  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
<b><u>PUBLIC SUPPORT AND REVENUES</u></b>				
Government Grants & Contracts	\$ 1,824,815	\$	\$ 1,824,815	\$ 1,992,523
Capital Grants - City of San Francisco	97,487		97,487	18,148
Foundation & Corporate Grants	288,403		288,403	186,567
Contributions	119,060	-	119,060	69,925
Bequests	444,992	-	444,992	18,930
In-kind Support	1,550		1,550	-
Net Assets Released from with Donor Restriction:				
Satisfaction of donor requirements	45,498	(45,498)	-	-
Fundraising event, net of direct donor expenses of \$12,593	(10,943)		(10,943)	96,331
Commercial Rental Income net of direct expenses of \$184,283	143,276	-	143,276	46,665
Resident Fees	69,022	-	69,022	94,935
Interest	892	-	892	559
Miscellaneous	17,209	-	17,209	14,158
Total Support and Revenues	3,041,261	(45,498)	2,995,763	2,538,741
<b><u>EXPENSES</u></b>				
Resident Care & Services	2,221,477		2,221,477	2,145,036
Management and General	173,534		173,534	236,686
Fundraising	184,345		184,345	173,829
Total Expenses	2,579,356	-	2,579,356	2,555,551
<b>CHANGES IN NET ASSETS</b>	461,905	(45,498)	416,407	(16,810)
Net Assets - Beginning of Year	1,204,676	698,379	1,903,055	1,919,865
<b>NET ASSETS - AT END OF YEAR</b>	\$ 1,666,581	\$ 652,881	\$ 2,319,462	\$ 1,903,055

See notes to financial statements

**MAITRI COMPASSIONATE CARE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019**

	2020							2019
	Resident Care & Services	General & Administrative	Fundraising	Commercial Lease	Common Costs	Total	Totals	
<b>EXPENSES:</b>								
Salaries & Wages	\$ 1,379,927	\$ 53,515	\$ 106,224	\$ 18,315	\$ 115,150	\$ 1,673,131	\$ 1,541,846	
Payroll Taxes	114,845	4,622	8,743	1,472	9,742	139,424	124,665	
Employee Benefits	1,388	6,767	50	-	237,201	245,406	217,512	
Professional Services	68,398	62,496	75	12,708	19,153	162,830	247,030	
Utilities	9,610	-	-	67,247	64,993	141,850	104,897	
Building Maintenance & Repair	412	-	-	-	23,716	24,128	28,628	
Telephone & Internet	-	-	-	-	27,712	27,712	31,958	
Insurance	-	8,009	-	-	16,994	25,003	44,718	
Supplies	11,957	320	-	-	17,100	29,377	31,620	
Food	58,061	-	-	-	164	58,225	57,514	
Equipment Rental & Maintenance	2,480	414	1,485	-	22,364	26,743	30,952	
Printing & Mailhouse	-	992	17,699	-	1,250	19,941	5,392	
Postage & Shipping	-	84	911	-	349	1,344	580	
Travel & Transportation	776	871	3,963	-	72	5,682	7,459	
Advertising & Public Relations	-	-	6,591	-	-	6,591	1,074	
Depreciation	-	-	-	43,398	57,604	101,002	94,366	
Miscellaneous	8,419	14,075	3,237	35,783	13,736	75,250	53,036	
Common Cost Allocation	565,204	21,369	35,367	5,360	(627,300)	-	-	
<b>TOTAL EXPENSES</b>	<b>\$ 2,221,477</b>	<b>\$ 173,534</b>	<b>\$ 184,345</b>	<b>\$ 184,283</b>	<b>\$ -</b>	<b>\$ 2,763,639</b>	<b>\$ 2,623,247</b>	

See notes to financial statements

**MAITRI COMPASSIONATE CARE  
STATEMENT OF CASH FLOWS  
JUNE 30, 2020  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in Net Assets	\$ 416,407	\$ (16,810)
<i>Adjustments to reconcile change to net operating cash flows:</i>		
Depreciation and Amortization	101,002	94,366
<i>Decrease/(increase) in assets:</i>		
Grants & Contracts Receivable	142,628	130,774
Other Receivables	-	1,724
Prepaid Expenses	37,693	30,902
Operating Reserve	99,456	(208)
Replacement Reserve	(349)	(180,350)
Deposits	165	-
<i>Increase/(decrease) in liabilities:</i>		
Accounts Payable	(14,048)	(133,618)
Accrued Wages & Payroll Taxes	(7,288)	12,128
Accrued Vacation Payable	23,967	15,280
Deposits Payable	-	501
<b>Net Cash Provided / (Used) by Operating Activities</b>	<b>799,633</b>	<b>(45,311)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of Fixed Assets	(97,486)	(23,318)
<b>Net Cash Provided / (Used) by Investing Activities</b>	<b>(97,486)</b>	<b>(23,318)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings on PPP Loan	328,811	-
Proceeds from borrowings on Notes Payable	(24,045)	(24,045)
<b>Net Cash Provided by Financing Activities</b>	<b>304,766</b>	<b>(24,045)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>1,006,913</b>	<b>(92,674)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	19,679	112,353
<b>END OF YEAR</b>	<b>\$ 1,026,592</b>	<b>\$ 19,679</b>
<b>Supplementary Disclosures:</b>		
Cash interest paid	\$ 3,421	\$ 2,954

See notes to financial statements



**MAITRI COMPASSIONATE CARE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019**

**Note 1: ORGANIZATION**

**Nature of Activity**

Maitri Compassionate Care (“Maitri”) was founded in 1987 as a residential hospice for people with AIDS. A state licensed 15-bed residence for low-income people with AIDS, Maitri provides a high level of medical supervision and support for people who are seriously ill or disabled. In collaboration with home health agencies and hospice organizations, Maitri provides skilled nursing and end-of-life care.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements are prepared on the accrual basis of accounting.

**New Accounting Pronouncement**

During fiscal year ended June 30, 2020, Maitri adopted FASB ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of ASC Topic 958, Not for Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Management has determined that this ASU did not significantly impact Maitri’s financial statements.

**Financial Statement Presentation**

Maitri is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

**MAITRI COMPASSIONATE CARE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Revenue Recognition**

Contributions receivable are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction.

When a 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.

**Estimates**

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

**Tax Status**

Maitri is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Service Code and under California Franchise Tax Board code section 23701(d). Management believes Maitri has no uncertain tax positions as of June 30, 2020.

**Cash and Cash Equivalents**

For purposes of balance sheet classification and statement of cash flows, Maitri considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

**Grants & Contracts Receivable**

Grants and Contracts Receivable are primarily from governmental agencies for expenditures incurred prior to year-end. Maitri considers these receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

**Furniture, Equipment and Leasehold Improvement**

Purchase of furniture, equipment and leasehold improvements, which are over \$2,000 and have a useful life of over one year, are capitalized at cost. Furniture and equipment are being depreciated over estimated useful lives using the straight-line method.

**MAITRI COMPASSIONATE CARE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Expense Allocation**

Maitri allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly. Facility-related expenses that are common to several functions are allocated according to a formula based on each function's proportionate share of building square footage. Other common costs are allocated according to the relative amount of staff time spent on each function.

**Summarized Information for 2019**

The financial information for the fiscal year ended June 30, 2019, is presented for comparative purposes only, and is not intended to be a complete financial statement presentation.

**Note 3: GRANTS RECEIVABLE**

Grants Receivable as of June 30, 2020 comprised of the following:

City & County of San Francisco		
Department of Public Health		
RWPA Care	\$	86,510
RALF-RWPB/SAM		37,029
RWPB SAM/X07 Mental Health		<u>14,890</u>
Total	\$	<u><u>138,429</u></u>

**Note 4: RESERVE ACCOUNTS**

In accordance with the terms of funding received from the City & County of San Francisco, funded by the Department of Housing and Urban Development, Maitri must maintain reserve accounts. Funds are invested in bank money market accounts. Details of these accounts are as follows:

**Operating Reserve**

Maitri is required to make monthly deposits of 5% of project income. Once a balance equal to three months of project operating expenses is achieved, approximately \$400,000, no additional deposits are required. Funds may be disbursed from the account to alleviate cash shortfalls resulting from unanticipated and unusually high maintenance expenses, seasonal fluctuations in utility costs, abnormally high vacancy rates, and other expenses that vary seasonally or from month-to-month.

**MAITRI COMPASSIONATE CARE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019**

**Note 4: RESERVE ACCOUNTS - Continued**

The account balance as of June 30, 2020 is \$136,720, net of the City and County of San Francisco approved temporary withdrawals of \$100,000 for cash shortfalls.

**Replacement Reserve**

Quarterly deposits of 3% of project income are required. Withdrawals from the reserve account may be made only for capital improvements, furniture, Fixtures or equipment as may be reasonably required to preserve the value of the building owned by Maitri. The account balance as of June 30, 2020 is \$100,623.

**Note 5: PROPERTY AND EQUIPMENT**

Property and Equipment are recorded at cost and depreciated using the straight-line method over estimated useful lives. Property and equipment as of June 30, 2020 are as follows:

Land	\$	205,000
Building & Improvements*		3,390,003
Machinery & Equipment		166,914
Furniture & Fixtures		113,657
Computers		57,462
Subtotal		3,933,036
Less: Accumulated Depreciation		(2,047,708)
Total	\$	1,885,328

As a condition of the original funding for the purchase of the building, the building and improvements are restricted for use as a residence for persons living with AIDS until 2045.

**Note 6: LONG-TERM DEBT**

In April 1997, Maitri received a loan from the San Francisco Redevelopment Agency under the HOPWA (Housing Opportunities for Persons with AIDS) Program, which is a program of HUD payable in annual installments of \$24,045. As of June 30, 2020, annual maturities (principal payments) on the note are as follows:

**MAITRI COMPASSIONATE CARE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019**

**Note 6: LONG-TERM DEBT - Continued**

2021	\$ 24,045
2022	24,045
2023	24,045
2024	24,045
2025	24,045
Thereafter	<u>308,390</u>
Total Loan Balance	428,615
Less Current Portion	<u>24,045</u>
Long-Term Balance	<u>\$ 404,570</u>

**Note 7: LEASES**

Operating Leases

Maitri has two tenants that lease commercial space. Future minimum lease rents are as follows:

2020	\$ 301,918
2021	310,975
2022	320,304
2023	329,914
2024	339,811
Thereafter	<u>1,126,685</u>
TOTAL	<u>\$ 2,729,607</u>

Equipment Leases

Maitri leases facility equipment under agreements with various terms. As of June 30, 2020, future minimum lease payments are as follows:

2020	\$ 22,542
2021	23,700
2022	<u>15,131</u>
TOTAL	<u>\$ 61,373</u>

**Note 8: ADVERTISING COSTS**

The costs of advertising are expensed as incurred. During the year ended June 30, 2020, advertising expense was \$6,590.

**MAITRI COMPASSIONATE CARE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019**

**Note 9: NET ASSETS WITH DONOR RESTRICTIONS**

Net Assets With Donor Restrictions consist of the portion of building & improvements restricted for use as a residence for people with AIDS until 2045, or if need ceases for that purpose, for low-income housing.

**Note 10: CONTINGENT LIABILITIES**

Under the terms of a 1995 HOPWA loan that will be forgiven at maturity in the amount of \$1,622,301 received from the San Francisco Redevelopment Agency, Maitri's building must be used as a residence for persons with AIDS until 2045. If the need to house persons with AIDS ceases within this time frame, the property may be used for low-income housing. If Maitri does not comply with the provisions of the grant, it may be required to repay the grant plus accrued interest of 10% per year. Based on correspondence received from the Mayor's Office on Housing (which now administers the HOPWA program following the closure of the San Francisco Redevelopment Agency), the likelihood of the City issuing a letter of default appears remote at this time.

**Note 11: LOAN PAYABLE – PPP LOAN**

On May 4, 2020, Maitri received a loan from Kabbage Inc. in the aggregate amount of \$328,811, pursuant to the Paycheck Protection Program (the PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan, which was in the form of a Note dated May 4, 2020 issued by the Borrower, matures on May 4, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing on December 4, 2020. The note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. Maitri intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan maybe forgiven if they are used for qualifying expenses as described in the CARES Act.

**MAITRI COMPASSIONATE CARE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019**

**Note 11: LOAN PAYABLE – PPP LOAN- Continued**

The future annual principal payments on the notes payable are as follows:

<u>Year Ending June 30,</u>		
2021	\$	0
2022		<u>328,811</u>
Total	\$	<u><u>328,811</u></u>

**Note 12: CONCENTRATIONS**

Revenue

Maitri receives approximately 63% of its revenue and support from program service contracts through the City & County of San Francisco. Should funding under these contracts decrease; Maitri could experience a contraction in its services.

Maitri maintains its cash balances in several financial institutions. The balances at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. While Maitri maintains cash in amounts which at times, exceed the federally insured limits, Maitri has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk on cash.

**Note 13: LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditure, without donor or other restrictions limited to their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalent	\$ 1,026,952
Grants & Contracts Receivable	<u>143,389</u>
Total Financial Assets	<u><u>\$ 1,169,981</u></u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,169,981</u></u>

**MAITRI COMPASSIONATE CARE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019**

**Note 13: LIQUIDITY AND AVAILABILITY OF RESOURCES – Continued**

Maitri has \$1,169,981 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures including cash of \$1,026,592. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. Accounts receivable are subject to implied time restrictions but are expected to be collected within one year.

Maitri has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 3 months of normal operating expenses, which is, on average, approximately \$660,682. Maitri has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**Note 14: SUBSEQUENT EVENTS**

The Organization's management has evaluated its subsequent events through December 4, 2020, the date the financial statements were available to be issued.

The spread of coronavirus (COVID-19) around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its operations.



**IZABAL, BERNACIAK & COMPANY**

CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
**MAITRI COMPASSIONATE CARE**  
San Francisco, California

We have audited the financial statements of Maitri Compassionate Care as of and for the year ended June 30, 2020, and have issued our report thereon dated December 4, 2020, which contained an unmodified opinion on those financial statements. 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 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 their 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.

*Isabel Bernaciak - Croy*

San Francisco, California  
December 4, 2020

**MAITRI COMPASSIONATE CARE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Agency / Pass-through Agency / Program Title</u>	<u>Contract #</u>	<u>CFDA #</u>	<u>Expenditures</u>
<b>US Department of Housing &amp; Urban Development</b>			
<i>San Francisco Mayor's Office on Housing</i>			
Housing Opportunities for People with AIDS	123318-19	14.241	\$ 499,987
HOPWA - Capital Grant - HVAC Improvements	78213-15	14.218	38,402
HOPWA - Capital Grant - 2nd Floor Waterproof & Patio	73632-15	14.218	59,085
	Subtotal for C.F.D.A 14.218		<u>97,487</u>
<b>Total US Department of Housing &amp; Urban Development</b>			<u>597,474</u>
<b>US Department of Health &amp; Human Services</b>			
<i>City &amp; County of San Francisco Department of Public Health</i>			
HIV Emergency Relief Project Grant - Ryan White Part A	HCPD13/1901 & HCPD13/2001	93.914	802,678
HIV Care Formula Grant - SAM/Mental Health - Ryan White Part B	HCAO16/1900 & HCAO16/2000	93.917	393,643
HIV Care Formula Grant - Mental Health - Ryan White Part B	HCAO16/1900 & HCAO16/2000	93.917	108,198
HIV Care Formula Grant - Mental Health - MCO Supplement (one time)	HCAO16/1900	93.917	20,310
	Subtotal for C.F.D.A 93.917		<u>522,151</u>
<b>Total US Department of Health &amp; Human Services</b>			<u>1,324,829</u>
<b>Total Federal Expenditures</b>			<u>1,922,303</u>
<b>US Department of Housing &amp; Urban Development</b>			
<i>San Francisco Mayor's Office on Housing</i>			
Housing Opportunities for People with AIDS			
Loan for Building Improvements		14.241	428,615
<b>Total Federal Loans</b>			<u>428,615</u>
<b>TOTAL EXPENDITURES AND LOANS OF FEDERAL AWARDS</b>			<u>\$ 2,350,918</u>

**Note A: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Maitri Compassionate Care under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Maitri Compassionate Care, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Maitri Compassionate Care.

**Note B: Summary of Significant Accounting Policies**

(1) 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.

(2) Maitri has not elected to use the 10 percent de Minimis indirect cost rate as allowed under the Uniform Guidance.

**Note C: Loans Outstanding**

The following program had federally-funded loans outstanding at June 30, 2020:

<u>Program Title</u>	<u>CFDA #</u>	<u>Amounts Outstanding</u>	
		<u>July 1, 2019</u>	<u>June 30, 2020</u>
HOPWA Loan for Building Improvements	14.241	\$ 452,660	\$ 428,615

**IZABAL, BERNACIAK & COMPANY**

CERTIFIED PUBLIC ACCOUNTANTS

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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  
**MAITRI COMPASSIONATE CARE**  
San Francisco, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Maitri Compassionate Care, which comprise the statement of financial position as of June 30, 2020, 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 4, 2020.

**Internal Control over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 Maitri Compassionate Care'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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, Board of Directors, federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.



San Francisco, California  
December 4, 2020

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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
**MAITRI COMPASSIONATE CARE**  
San Francisco, California

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

We have audited Maitri Compassionate Care's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Maitri Compassionate Care's major federal programs for the year ended June 30, 2019. Maitri Compassionate Care's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Maitri Compassionate Care's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about Maitri Compassionate Care's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance with each major program. However, our audit does not provide a legal determination of Maitri Compassionate Care's compliance.

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

In our opinion, Maitri Compassionate Care complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified above for the year ended June 30, 2019.

## **Report on Internal Control over Compliance**

Management of Maitri Compassionate Care is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Maitri Compassionate Care's internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Maitri Compassionate Care's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirements 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 compliance requirement 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



San Francisco, California  
December 4, 2020

**MAITRI COMPASSIONATE CARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>A. SUMMARY OF AUDITOR'S RESULTS</b>	
<i>Financial Statements</i>	
1. Type of Financial Statement Report	UNMODIFIED
2. Internal Control over Financial Reporting: Material Weakness(es) Identified Significant Deficiency(ies) Identified	NONE NONE REPORTED
3. Noncompliance Disclosed by Audit Which Is Material to Financial Statements	NONE
<i>Federal Awards</i>	
1. Internal Control Over Major Programs: Material Weakness(es) Identified Significant Deficiency(ies) Identified	NONE NONE REPORTED
2. Type of Compliance Report Major Programs	UNMODIFIED
3. Uniform Guidance Audit Finding Disclosed by Audit	NONE REPORTED
4. Major Programs:	93.917 HIV Care Formula Grants – Ryan White
5. Dollar Threshold for Type A Programs	\$750,000
6. Auditee Qualification	LOW RISK
B. Findings Relating to the Financial Statements Which Are Required to Be Reported in Accordance with GAGAS	NONE REPORTED
C. Findings and Questioned Costs for Federal Awards Including Audit Findings Defined in the Uniform Guidance	NONE REPORTED

**MAITRI COMPASSIONATE CARE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

There were no prior year findings.