

ALLIANCE FOR AFRICAN ASSISTANCE, INC.

Audited Financial Statements

JUNE 30, 2019

FINANCIAL STATEMENTS

ALLIANCE FOR AFRICAN ASSISTANCE, INC.

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**FINANCIAL
INFORMATION**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Alliance for African Assistance, Inc.
San Diego, California

I have audited the accompanying financial statements of Alliance for African Assistance, Inc., which comprise the statement of financial position as of June 30, 2019, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

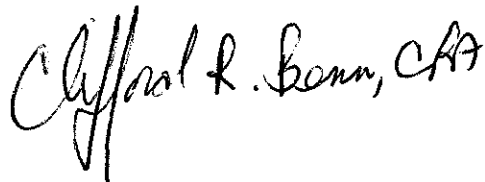
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alliance for African Assistance, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated November 15, 2019, on my consideration of Alliance for African Assistance, Inc.'s internal control over financial reporting and on my test 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 my 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 Alliance for African Assistance, Inc.'s internal control over financial reporting and compliance.

Handwritten signature of Clifford R. Bonn, CFA in black ink.

Carson, California
November 15, 2019

ALLIANCE FOR AFRICAN ASSISTANCE, INC.

Statement of Financial Position

June 30, 2019

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTED</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and Cash Equivalents (Notes 5)	\$ 520,993	\$ 135,904	\$ 656,897
Grants and Contracts Receivable, Net	657,579		657,579
Prepaid Expenses	17,272		17,272
Due From Affiliate	36,246		36,246
Other Receivables	19,030		19,030
Property, Furniture, and Equipment (Notes 2 and 4)	2,967,629		2,967,629
Deposits	6,531		6,531
Interfund Transfers	(42,812)	\$ 42,812	-
 Total Assets	 <u>\$ 4,182,468</u>	 <u>\$ 178,716</u>	 <u>\$ 4,361,184</u>
<u>LIABILITIES</u>			
Accounts Payable and Other Accrued Expenses	\$ 114,876		\$ 114,876
Deferred Revenue	27,095		27,095
Accrued Vacation Pay (Note 11)	21,570		21,570
Lease Payable	26,550		26,550
Mortgages and Loans Payable (Note 9)	1,474,897		1,474,897
 Total Liabilities	 <u>1,664,988</u>	 <u>-</u>	 <u>1,664,988</u>
<u>NET ASSETS</u>			
Without donor restrictions	2,517,480		2,517,480
With donor restrictions		\$ 178,716	178,716
 Total Net Assets	 <u>2,517,480</u>	 <u>178,716</u>	 <u>2,696,196</u>
 Total Liabilities and Net Assets	 <u>\$ 4,182,468</u>	 <u>\$ 178,716</u>	 <u>\$ 4,361,184</u>

See Accompanying Notes and Auditor's Report

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Statement of Activity
For the Year Ended June 30, 2019

	<u>TOTAL</u>	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTED</u>
REVENUE AND SUPPORT			
Contract Services	\$ 1,075,884	\$ 1,016,358	\$ 59,526
Client Fees	1,452,770	1,452,770	
Thrift Store Sales	261,428	261,428	
Rental Income	79,214	79,214	
Other Revenue	1,247	1,247	
Contributions	195,044	97,413	97,631
Investment Income	16,690	16,690	
Fundraising Income	23,935	23,935	
Other Support	(9,831)	(9,831)	
SUB-TOTAL REVENUES AND SUPPORT	3,096,381	2,939,224	157,157
Net Assets Released From Restrictions	-	36,276	(36,276)
TOTAL REVENUE AND OTHER SUPPORT	3,096,381	2,975,500	120,881
EXPENSES			
General Services	1,396,731	1,396,731	
Sub-Contract Services	994,721	994,721	
Direct Contract Services	341,604	341,604	
Fundraising Expenses	7,955	7,955	
Management and General	564,142	564,142	
TOTAL EXPENSES	3,305,153	3,305,153	-
INCREASE IN NET ASSETS	\$ (208,772)	\$ (329,653)	\$ 120,881

See Accompanying Notes And Auditor's Report

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Schedule of Functional Expenses
For the Year Ended June 30, 2019

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total</u>
	<u>General Services</u>	<u>Sub Contract Services</u>	<u>Direct Contract Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
PERSONNEL EXPENSES:						
Salaries	\$ 349,815	\$439,664	\$ 63,627	\$ 79	\$ -	\$ 853,185
Payroll Taxes	31,222	42,668	5,636	349		79,875
Other Employee's Benefits	104,279	91,656	4,576	9,410		209,921
Total Personnel Expenses	<u>485,316</u>	<u>573,988</u>	<u>73,839</u>	<u>9,838</u>	<u>-</u>	<u>1,142,981</u>
OPERATING EXPENSES:						
Advertising		254		227		481
Bad Debt Expenses				12,900		12,900
Bank Charges	3,932	1,049	69	10,083		15,133
Communications	2,798	16,187	1,173	209		20,367
Contract Services				4,024		4,024
Depreciation	7,187	10,462		42,862		60,511
Direct Client Assistance	502	256,251	49,012			305,765
Donations				372,816		372,816
Dues and Subscription	515	1,872		2,305		4,692
Equipment Rental	227	893	24	35		1,179
Fundraising Expenses				4,311	450	4,761
Insurance	22,611	35,284	980	13,267		72,142
Interest Expense				47,904		47,904
Interpretation Services	634,200	561		210		634,971
Meals and Conferences	421	3,160		1,982	3,617	9,180
Mileage	116,076	1,657	60	297	35	118,125
Other Expenses	3,900	6,842	491	22,943	1,764	35,940
Postage	3,760	1,223	219	320	149	5,671
Printing	556	2,294	71	557	1,094	4,572
Professional Fees - Legal				2,750		2,750
Professional Fees - Other	2,018	6,633	3,349	3,375		15,375
Rental Expenses				2,050		2,050
Repairs & Maintenance	4,140	10,345	210,307	5,376		230,168
Space Costs	81,420	28,497	1,364	(34,934)		76,347
Supplies	5,315	9,426		1,076	846	16,663
Taxes, Licenses and Permits	2,802			8,151		10,953
Taxes, Real Property				5,868		5,868
Transportation Expense	4,066	10,313		262		14,641
Travel	6,130	2,729		15,121		23,980
Utilities	8,839	14,801	646	7,957		32,243
Total Operating Expenses	<u>911,415</u>	<u>420,733</u>	<u>267,765</u>	<u>554,304</u>	<u>7,955</u>	<u>2,162,172</u>
TOTAL PROGRAM EXPENSES	<u>\$1,396,731</u>	<u>\$994,721</u>	<u>\$ 341,604</u>	<u>\$ 564,142</u>	<u>\$ 7,955</u>	<u>\$ 3,305,153</u>

See Accompanying Notes and Auditor's Report

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Statement of Change in Net Assets
June 30, 2019

	<u>TOTAL</u>	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTED</u>
NET ASSETS, June 30, 2018	\$ 2,904,968	\$2,844,951	\$60,017
Plus:			
Reclassifications	-	\$2,182	(\$2,182)
Increase in Net Assets	<u>(208,772)</u>	<u>(329,653)</u>	<u>120,881</u>
NET ASSETS, June 30, 2019	<u>\$ 2,696,196</u>	<u>\$ 2,517,480</u>	<u>\$ 178,716</u>

See Accompanying Notes and Auditor's Report

ALLIANCE FOR AFRICAN ASSISTANCE, INC.

Statement of Cash Flows

June 30, 2019

Cash Flow From Operating Activities:

Decrease in Net Assets	\$ (208,772)
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Adjustments to reconcile change in net assets
to net cash consumed by operating activities:

Depreciation	60,511
Increase in grants and contracts receivable	(157,859)
Increase in other receivables	(3,738)
Decrease in prepaid expenses	14,022
Decrease in accounts payable and accrued expenses	(43,429)
Decrease in accrued vacation	(257)
Increase in deferred revenue	27,095
Decrease in tenant deposit	(1,000)
Non-cash loss on disposal of assets	<u>4,261</u>

Total adjustments	<u>(100,394)</u>
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Net cash flow consumed by operating activities	<u>(309,166)</u>
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Cash Flow From Financing Activities

Principal payments on Lease payable	(4,495)
Principal payments on loans payable	<u>(49,194)</u>

Net cash consumed by financing activities	<u>(53,689)</u>
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Cash Flow From Investing Activities

Repayments to AHC	(17,664)
Advances made to AHC	(36,246)
Proceeds from sell of investments	977,800
Investment in construction in process	<u>(73,656)</u>

Net cash provided by investing activities	<u>850,234</u>
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Net increase in cash	487,379
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Cash and cash equivalents at June 30, 2018	<u>169,518</u>
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Cash and cash equivalents at June 30, 2019	<u><u>\$ 656,897</u></u>
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SUPPLEMENTAL DISCLOSURE:

1. During the year, the agency paid a total of \$81,254 in interest.

See Accompanying Notes and Auditor's Report

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: NATURE OF BUSINESS

Alliance for African Assistance, Inc. (AAA) is a private non-profit corporation. The corporation is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and similar California State law. AAA's primary mission is to provide aid to refugees and welfare recipients in the San Diego, California, area. The organizations services encompass daily living assistance, education support, job training and placement, and community outreach services. AAA is supported primarily by various governmental grants, subcontracting with other nonprofits, and interpretation/translation services.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Depreciation

Land, buildings and equipment are reported in the statement of financial position at cost, if purchased, and at estimated fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of \$1,000 or more and a useful life, when acquired, of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows (See note 4):

Buildings and improvements	10-40 years
Leasehold improvements	15 years, or remaining lease Term, if shorter
Furniture and Equipment	3-10 years
Equipment used under capital Leases	5-7 years
Vehicles	5-10 years

B. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

C. Contributed Services

AAA receives a substantial amount of donated services in carrying out its objectives. No amounts have been reflected in the financial statements for those services because the criteria for recognition were not met.

See Accompanying Auditor's Report

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

D. Accounting Method

The accompanying financial statements have been prepared using the accrual method of accounting, which reflects revenues and expenditures in the accounts in the period in which they are considered earned and incurred. Donations and pledges are recognized when the donor or grantor makes an unconditional promise to give to the organization. The significant accounting and reporting policies followed are described below to enhance the usefulness of the financial statements to the reader:

Functional Allocation of Expenses – the costs of providing program services and the general administrative activities of AAA have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fund Accounting – AAA receives a significant portion of its revenue in the form of restricted contracts and grants for program operations. To ensure observance of limitations and restrictions placed on the use of resources available to AAA, accounts are maintained in accordance with the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund.

General and Management Fund – this fund is used to account for all resources over which the governing board has discretionary control to use in carrying on the general operations of the organization. Contributions and activities for general purposes are all accounted for in this fund.

E. Display of Net Assets by Class

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Without Donor Restrictions (General and Administrative Fund) – This fund is used to account for all resources over which the governing board has discretionary control to use in carrying on the general operations of the organization. Contributions and activities for general purposes are all accounted for in this fund.

With Donor Restrictions – This fund represent resources that are restricted by a donor for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use.

See Accompanying Auditor's Report

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions.

NOTE 3: RENTAL INCOME

AAA owns a 12,050 square-foot commercial building and an accompanying 1,278 square-foot house. The commercial building houses the administrative offices of the agency as well as the office of many of the programs it administers. The house is rented to an unrelated party to supplement the income of the agency. Rental income for the house amounted to \$24,150, during the current period.

AAA also charged unrelated parties \$55,064 to store equipment on the premises during the year ended June 30, 2019.

NOTE 4: PROPERTY AND EQUIPMENT

Following is a summary of property and equipment at June 30, 2019:

Land	\$ 662,956
Building and Improvement	1,700,790
Construction in Process	852,097
Furniture and Equipment	151,956
Automobiles	<u>321,177</u>
 Total Property and Equipment	 3,688,976
Accumulated Depreciation	<u>(721,347)</u>
 Net Property and Equipment	 <u>\$2,967,629</u>

NOTE 5: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of checking accounts, demand deposits, interest-bearing time deposits, money market accounts and certificates of deposits with maturity dates up to 180 days. Cash and cash equivalents at June 30, 2019, includes \$501,487 in money market accounts.

See Accompanying Auditor's Report

**ALLIANCE FOR AFRICAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6: RECEIVABLES

Grants and contracts receivable (before the \$2,000 allowance for doubtful accounts) consist of the following:

San Diego Hunger Coalition	\$ 16,135
G02 Medical Management	7,761
State of California – Dept. of Social Services	39,488
Community Health Group	88,463
ECDC	54,505
Catholic Charities	55,268
Self Help For the Elderly	18,740
St. Paul's – PACE	65,858
Care 1 st Health Plan	62,317
Cajon Valley Union	10,708
UPAC	14,930
San Diego Unified School District	17,921
City of San Diego	146,875
Other	<u>60,610</u>
 Total	 <u>\$659,579</u>

NOTE 7: RELATED PARTY TRANSCATIONS

AAA provides space for medical facilities to Alliance Health Clinic, Inc., a related organization. The estimated value of the space is \$36,000, annually. AAA has elected to waive the space costs until the financial condition of the clinic improves.

NOTE 8: LINES-OF-CREDIT

At June 30, 2019, the agency had available the following two lines-of-credit:

Wells Fargo Bank has granted the agency a \$150,000 operating line-of-credit. The agreement is a variable rate monthly interest payment plan at prime plus 1.75% with a current annual interest rate of 6.25%. The account is renewable annually. At June 30, 2019, the credit-line was not being utilized.

Additionally, Union Bank has granted a \$10,000, unsecured cash reserve line-of-credit. The annual percentage rate charged on any funds drawn is 14.80 percent. The account does not have a stated maturity date. At June 30, 2019, the credit-line was not being utilized.

See Accompanying Auditor's Report

**ALLIANCE FOR AFRICAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9: MORTGAGE AND LOAN PAYABLE

At June 30, 2019, AAA had the following mortgage outstanding:

Note payable – Wells Fargo Bank, Starting May 18, 2008, secured by deed of trust, due September 12, 2020, with monthly principal and interest payments of \$5,305, with interest at 6.07% per year. A final balloon payment of approximately \$679,464 is due at maturity.	\$707,571
Note payable – Wells Fargo Bank, Starting August 25, 2014, secured by deed of trust, due August 15, 2024, with monthly principal and interest payments of \$5,077, with interest at 4.99% per year. A final balloon payment of approximately \$632,747 is due at maturity.	<u>767,326</u>
Total mortgage payable	<u>\$1,474,897</u>

Following is a summary of mandatory long-term debt payments for each of the next five years:

2020	\$ 45,840
2021	709,350
2022	25,648
2023	26,958
2024	28,334
Thereafter	<u>638,767</u>
Total	<u>\$ 1,474,897</u>

NOTE 10: ADVERTISING

General advertising costs are expensed when incurred. Event advertising is expensed as of the date of the event.

NOTE 11: ACCRUED VACATION

AAA accrues vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation days. Employees are not reimbursed for unused sick leave.

The cost of accumulated vacation pay, which is to be paid from currently available resources, is recorded as an expenditure of the current period.

See Accompanying Auditor's Report

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 15, 2019, the date on which the financial statements were available to be issued.

NOTE 13: FACILITY LEASE

During the year, the agency leased two facilities, on a month-to-month basis. At June 30, 2019, the agency's lease on the facility housing its thrift store had expired. Under the prior agreement the company was to pay \$6,180 per month, including common area costs. Lease expenses on this facility totaled \$74,160 during the current period. The second location (131 Avocado Ave., El Cajon) is an office suite used for client meetings. The company currently pays \$182 per month, plus common area charges. Lease expenses on this location totaled \$2,186.

NOTE 14: TAX UNCERTAINTIES

The agency's policy is to record interest expense and penalties in operating expenses. For the year ended June 30, 2019, \$568 in interest and penalties expense was recorded.

The agency's federal and state tax returns are open for examination for the years 2016, 2017, and 2018.

AAA is receiving rent from the rental of two properties. The rentals generate unrelated business income which is subject to income taxes. During the period, the agency paid \$6,157 in unrelated business income taxes related to the 2017 tax period.

NOTE 15: RESTRICTED NET ASSETS

Net assets with donor restrictions at June 30, 2019, Consist of the following funding sources' restrictions:

Purpose restrictions, available for spending:

California State Immigration Contract	\$ 81,085
Uganda Hospital Fund	<u>97,631</u>
Total purpose-restricted net assets	<u>\$ 178,716</u>

See Accompanying Auditor's Report

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16: LEASES PAYABLE

The agency is leasing two new copiers under a capital lease expiring June 2024. The assets and liabilities under capital leases were recorded at the fair market value of the copiers, at the start of the lease. The copiers are being depreciated over their estimated useful life. Depreciation of the copiers is included in depreciation expense at June 30, 2019. Total depreciation for the copiers charged to expense during the fiscal year ended June 30, 2019 was \$1,040.

Following is a summary of the book value of the copiers:

Copier Costs	\$20,791
Less: Accumulated Depreciation	<u>(1,040)</u>
Net Book Value	<u>\$ 19,751</u>

Minimum future lease payments under this capital lease as of June 30, 2019, through the remainder of the leases:

2020	\$ 6,177
2021	6,177
2022	6,177
2023	6,177
2024	<u>6,180</u>
Total minimum lease payments	30,888
Less: Amount representing interest	<u>(4,338)</u>
Present value of net minimum lease payments	<u>\$ 26,550</u>

Residual purchase price at the end of the lease will be the fair market value of the machines at the end of the lease.

NOTE 17: CONTINGENCIES

Financial awards from governmental entities in the form of grants are subject to audit. Such audits could result in claims against AAA for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such an audit since the amount, if any, cannot be determined at this date.

See Accompanying Auditor's Report

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 18: RETIREMENT PLANS

AAA sponsors a defined contribution plan. Participation in the plan is available to substantially all employees. The defined contribution plan is a 403(b) plan to which employees may contribute up to 16% of their pay fully matched by AAA. Employee contributions are invested, at the employees' direction, among a variety of investments. AAA has discretion to vary the rate of employer matching contributions. AAA contributions to the plan during the year ended June 30, 2019, were \$43,979.

AAA also has a Supplemental Executive Retirement Plan. This 401(a) plan provides select employees who satisfy certain eligibility requirements with certain benefits upon retirement. During the year ended June 30, 2019, AAA contributed \$32,500 to the plan.

AAA has an Executive Deferred Compensation plan. This 457(b) plan is an employer sponsored nonqualified plan that augments the agency's tax qualified retirement plans. Participation in this plan is limited to selected members of management. During the year, AAA expensed \$19,082 for this plan.

NOTE 19: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

Cash	\$ 656,897
Accounts Receivable	<u>657,579</u>
Financial assets at year-end	1,314,476
Less those unavailable for general expenditures within one year, due to:	
Donor-restricted for international donations	(97,631)
Contractual restrictions	<u>(38,273)</u>
Financial assets available to meet cash needs for General expenditure within one year.	<u>\$1,178,572</u>

AAA's working capital and cash flows are constant and it usually pays for the expenses on a regular basis. AAA maintains a line of credit of \$150,000 with Wells Fargo Bank which is available at all times. AAA's sister organization, Alliance Health Clinic (AHC) which is housed in the same building is another source of liquidity. Both organizations borrow from each other as need arises.

See Accompanying Auditor's Report

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 20: CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject AAA to a concentration of credit risk consist principally of cash and cash equivalents.

AAA maintains a majority of its cash balances with Union Bank and U.S. Bank. Cash accounts are federally insured by the Federal Deposit Insurance Corporation, currently, up to \$250,000. At June 30, 2019, the agency had \$88,935 in excess of the insured limits.

**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**

INDEPENDENT AUDITOR'S REPORT

To the Boards of Directors
Alliance for African Assistance, Inc.

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Alliance for African Assistance, Inc. (AAA) and the related statements of activity, changes in net assets, cash-flow, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise AAA's basic financial statements, and have issued my report thereon dated November 15, 2019.

Internal Controls over Financial Reporting

In planning and performing my audit of the financial statements, I considered AAA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of AAA's internal controls. Accordingly, I do not express an opinion on the effectiveness of AAA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal controls 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 my audit I did not identify any deficiencies in internal control that I

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 AAA's financial statements are free of material misstatements, I 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 the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the result of the testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clifford R. Benn, CPA

Carson, California
November 15, 2019

**SUPPLEMENTARY
INFORMATION**

REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Alliance for African Assistance, Inc.
San Diego, California

I have audited the financial statements of Alliance for African Assistance, Inc. as of and for the year ended June 30, 2019, and have issued my report dated November 15, 2019, which contained an unqualified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis 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 in these schedules have 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 generally accepted auditing standards used in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Clifford R. Benn, CPA

Carson, California
November 15, 2019

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Schedule of Revenue and Other Support
For the Year Ended June 30, 2019

	<u>TOTAL</u>	<u>General Services</u>	<u>Sub-contract Services</u>	<u>Other Contract Services</u>	<u>General Programs</u>
REVENUE:					
Federal Contracts	\$ 93,617			\$ 93,617	
State Contracts	59,526			59,526	
City Contracts	214,995			214,995	
Sub-contracts	707,746		\$ 707,746		
Client Fees	1,452,770	1,440,983	11,787		
Thrift Store Sales	261,428	261,428			
Rental Income	79,214				\$ 79,214
Other Revenue	<u>1,247</u>				<u>1,247</u>
Total Revenue	2,870,543	1,702,411	719,533	368,138	80,461
OTHER SUPPORT:					
Contributions - Unrestricted	97,413	289			97,124
Contributions - Restricted	97,631				97,631
Investment Income	5,474				5,474
Interest Income	11,216			77	11,139
Fundraising Income	23,935				23,935
Other Support	<u>(9,831)</u>				<u>(9,831)</u>
Total Other Support	<u>225,838</u>	<u>289</u>	<u>-</u>	<u>77</u>	<u>225,472</u>
TOTAL REVENUE AND OTHER SUPPORT	<u>\$3,096,381</u>	<u>\$1,702,700</u>	<u>\$ 719,533</u>	<u>\$ 368,215</u>	<u>\$305,933</u>

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Schedule of Revenue and Other Support - General Services
For the Year Ended June 30, 2019

	<u>TOTAL</u>	<u>Interpretation Services</u>	<u>Immigration Citizenship Services</u>	<u>Thrift Store</u>	<u>In-Home Care Services</u>
REVENUE:					
Federal Contracts	\$ -				
State Contracts	-				
City Contracts	-				
Sub-contracts	-				
Client Fees	1,440,983	\$ 1,357,328	\$ 59,468		\$24,187
Thrift Store Sales	261,428			\$ 261,428	
Rental Income	-				
Other Revenue	-				
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	1,702,411	1,357,328	59,468	261,428	24,187
OTHER SUPPORT:					
Contributions - Unrestricted	289	249	40		
Contributions - Restricted	-				
Investment Income	-				
Interest Income	-				
Fundraising Income	-				
Other Support	-				
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Support	289	249	40	-	-
TOTAL REVENUE AND OTHER SUPPORT					
	<u>\$ 1,702,700</u>	<u>\$ 1,357,577</u>	<u>\$ 59,508</u>	<u>\$ 261,428</u>	<u>\$ 24,187</u>

See Auditor's Report On Supplementary Information

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Schedule of Revenue and Other Support - Sub-contracts
For the Year Ended June 30, 2019

	<u>TOTAL</u>	<u>ECDC</u>	<u>Wilson Fish Program</u>	<u>Team and Changes</u>	<u>Cal-Fresh Program</u>
REVENUE:					
Federal Contracts	\$ -				
State Contracts	-				
City Contracts	-				
Sub-contracts	707,746	\$ 329,867	\$ 286,815	\$ 63,617	\$ 27,447
Client Fees	11,787			11,787	
Thrift Store Sales	-				
Rental Income	-				
Other Revenue	-				
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	719,533	329,867	286,815	75,404	27,447
OTHER SUPPORT:					
Contributions - Unrestricted	-				
Contributions - Restricted	-				
Investment Income	-				
Interest Income	-				
Fundraising Income	-				
Other Support	-				
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Support	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUE AND OTHER SUPPORT	<u>\$ 719,533</u>	<u>\$ 329,867</u>	<u>\$ 286,815</u>	<u>\$ 75,404</u>	<u>\$ 27,447</u>

See Auditor's Report On Supplementary Information

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Schedule of Revenue and Other Support - Direct Contracted Services
For the Year Ended June 30, 2019

	<u>TOTAL</u>	<u>IDA Program</u>	<u>California State Immigration</u>	<u>CDBG Capital Improvements</u>
REVENUE:				
Federal Contracts	\$ 93,617	\$ 93,617		
State Contracts	59,526		\$ 59,526	
City Contracts	214,995			\$ 214,995
Sub-contracts	-			
Client Fees	-			
Thrift Store Sales	-			
Rental Income	-			
Other Revenue	-			
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	368,138	93,617	59,526	214,995
OTHER SUPPORT:				
Contributions - Unrestricted	-			
Contributions - Restricted	-			
Investment Income	-			
Interest Income	77	77		
Fundraising Income	-			
Other Support	-			
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Support	77	77	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUE AND OTHER SUPPORT	<u>\$ 368,215</u>	<u>\$ 93,694</u>	<u>\$ 59,526</u>	<u>\$ 214,995</u>

See Auditor's Report On Supplementary Information

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Schedule of Revenue and Other Support - General Programs
For the Year Ended June 30, 2019

	<u>TOTAL</u>	<u>Scholarship Program</u>	<u>World Refugee Day Fundraiser</u>	<u>General & Administration</u>
REVENUE:				
Federal Contracts	\$ -			
State Contracts	-			
City Contracts	-			
Sub-contracts	-			
Client Fees	-			
Thrift Store Sales	-			
Rental Income	79,214			\$ 79,214
Other Revenue	<u>1,247</u>	<u>\$ 1,247</u>		
Total Revenue	80,461	1,247	-	79,214
OTHER SUPPORT:				
Contributions - Unrestricted	97,124	49,550		47,574
Contributions - Restricted	97,631			97,631
Investment Income	5,474			5,474
Interest Income	11,139			11,139
Fundraising Income	23,935		\$ 23,935	
Other Support	<u>(9,831)</u>		<u>20</u>	<u>(9,851)</u>
Total Other Support	<u>225,472</u>	<u>49,550</u>	<u>23,955</u>	<u>151,967</u>
TOTAL REVENUE AND OTHER SUPPORT	<u><u>\$ 305,933</u></u>	<u><u>\$ 50,797</u></u>	<u><u>\$ 23,955</u></u>	<u><u>\$ 231,181</u></u>

See Auditor's Report On Supplementary Information

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Schedule of Revenue and Other Support - ECDC Programs
For the Year Ended June 30, 2019

	<u>TOTAL</u>	<u>Resettlement & Placement</u>	<u>PC Americorp</u>
REVENUE:			
Federal Contracts	\$ -		
State Contracts	-		
City Contracts	-		
Sub-contracts	329,867	\$ 270,350	\$ 59,517
Client Fees	-		
Thrift Store Sales	-		
Rental Income	-		
Other Revenue	-		
	<hr/>	<hr/>	<hr/>
Total Revenue	329,867	270,350	59,517
OTHER SUPPORT:			
Contributions - Unrestricted	-		
Contributions - Restricted	-		
Investment Income	-		
Interest Income	-		
Fundraising Income	-		
Other Support	-		
	<hr/>	<hr/>	<hr/>
Total Other Support	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUE AND OTHER SUPPORT	<u>\$ 329,867</u>	<u>\$ 270,350</u>	<u>\$ 59,517</u>

See Auditor's Report On Supplementary Information

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Schedule of Functional Expenses - General Services
For the Year Ended June 30, 2019

	<u>TOTAL</u>	<u>Interpretation Services</u>	<u>Immigration Citizenship Services</u>	<u>Thrift Store</u>	<u>In-Home Care Services</u>
PERSONNEL EXPENSES:					
Salaries	\$ 349,815	\$ 172,399	\$ 35,527	\$ 114,280	\$ 27,609
Payroll Taxes	31,222	15,671	2,881	10,343	2,327
Other Employee's Benefits	104,279	90,868	3,176	8,018	2,217
Total Personnel Expenses	<u>485,316</u>	<u>278,938</u>	<u>41,584</u>	<u>132,641</u>	<u>32,153</u>
OPERATING EXPENSES:					
Advertising	-				
Bad Debt Expenses	-				
Bank Charges	3,932	2,245	740	931	16
Communications	2,798	1,847	272	679	
Contract Services	-				
Depreciation	7,187	1,398	930	4,859	
Direct Client Assistance	502	502			
Donations	-				
Dues and Subscription	515	305		39	171
Equipment Rental	227	126	101		
Fundraising Expenses	-				
Insurance	22,611	10,198	1,817	6,854	3,742
Interest Expense	-				
Interpretation Services	634,200	634,200			
Investment Expenses	-				
Meals and Conferences	421	139	282		
Mileage	116,076	115,989			87
Other Expenses	3,900	277	2,741	857	25
Postage	3,760	207	3,553		
Printing	556	215	169	172	
Professional Fees - Legal	-				
Professional Fees - Other	2,018	1,333		614	71
Rental Expenses	-				
Repairs & Maintenance	4,140	1,356	153	2,616	15
Space Costs	81,420	5,898	1,362	74,160	
Supplies	5,315	398	405	4,077	435
Taxes, Licenses and Permits	2,802				2,802
Taxes, Real Property	-				
Transportation Expense	4,066	842	27	3,197	
Travel	6,130	6,130			
Utilities	8,839	1,445	510	6,425	459
Total Operating Expenses	<u>911,415</u>	<u>785,050</u>	<u>13,062</u>	<u>105,480</u>	<u>7,823</u>
TOTAL PROGRAM EXPENSES	<u>\$1,396,731</u>	<u>\$ 1,063,988</u>	<u>\$ 54,646</u>	<u>\$ 238,121</u>	<u>\$ 39,976</u>

See Auditor's Report On Supplementary Information

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Schedule of Functional Expenses - Sub-contract Services
For the Year Ended June 30, 2019

	<u>TOTAL</u>	<u>ECDC Programs</u>	<u>Wilson Fish Program</u>	<u>Team and Changes</u>	<u>Cal-Fresh Program</u>
PERSONNEL EXPENSES:					
Salaries	\$ 439,664	\$ 243,300	\$ 127,442	\$ 22,240	\$ 46,682
Payroll Taxes	42,668	\$ 25,270	11,687	1,801	3,910
Other Employee's Benefits	91,656	55,910	25,611	939	9,196
 Total Personnel Expenses	 <u>573,988</u>	 <u>324,480</u>	 <u>164,740</u>	 <u>24,980</u>	 <u>59,788</u>
OPERATING EXPENSES:					
Advertising	254	254			
Bad Debt Expenses	-				
Bank Charges	1,049	882	130	7	30
Communications	16,187	5,850	7,069	77	3,191
Contract Services	-				
Depreciation	10,462	7,210	3,252		
Direct Client Assistance	256,251	183,713	72,538		
Donations	-				
Dues and Subscription	1,872	914	936		22
Equipment Rental	893	544	293		56
Fundraising Expenses	-				
Insurance	35,284	19,418	14,404	884	578
Interest Expense	-				
Interpretation Services	561	170	391		
Investment Expenses	-				
Meals and Conferences	3,160	429	429	2,252	50
Mileage	1,657	1,141	46	96	374
Other Expenses	6,842	3,354	185	3,147	156
Postage	1,223	502	474	20	227
Printing	2,294	1,392	708		194
Professional Fees - Legal	-				
Professional Fees - Other	6,633	2,710	2,222	1,403	298
Rental Expenses	-				
Repairs & Maintenance	10,345	6,534	3,390		421
Space Costs	28,497	12,115	12,275	3,078	1,029
Supplies	9,426	4,425	3,180	140	1,681
Taxes, Licenses and Permits	-				
Taxes, Real Property	-				
Transportation Expense	10,313	9,321	948		44
Travel	2,729	2,291	17	421	
Utilities	14,801	6,076	7,363	1,445	(83)
 Total Operating Expenses	 <u>420,733</u>	 <u>269,245</u>	 <u>130,250</u>	 <u>12,970</u>	 <u>8,268</u>
 TOTAL PROGRAM EXPENSES	 <u>\$ 994,721</u>	 <u>\$ 593,725</u>	 <u>\$ 294,990</u>	 <u>\$ 37,950</u>	 <u>\$ 68,056</u>

See Auditor's Report On Supplementary Information

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Schedule of Functional Expenses - Direct Contract Services
For the Year Ended June 30, 2019

	<u>TOTAL</u>	<u>IDA Program</u>	<u>California State Immigration</u>	<u>CDBG Capital Improvements</u>
PERSONNEL EXPENSES:				
Salaries	\$ 63,627	\$ 33,297	\$ 30,330	
Payroll Taxes	5,636	2,948	2,688	
Other Employee's Benefits	<u>4,576</u>	<u>1,720</u>	<u>2,856</u>	
Total Personnel Expenses	<u>73,839</u>	<u>37,965</u>	<u>35,874</u>	<u>-</u>
OPERATING EXPENSES:				
Advertising	-			
Bad Debt Expenses	-			
Bank Charges	69	41	28	
Communications	1,173	1,173		
Contract Services	-			
Depreciation	-			
Direct Client Assistance	49,012	49,012		
Donations	-			
Dues and Subscription	-			
Equipment Rental	24	24		
Fundraising Expenses	-			
Insurance	980	790	190	
Interest Expense	-			
Interpretation Services	-			
Investment Expenses	-			
Meals and Conferences	-			
Mileage	60	60		
Other Expenses	491	342	149	
Postage	219	84	135	
Printing	71	56		15
Professional Fees - Legal	-			
Professional Fees - Other	3,349	2,116	(100)	1,333
Rental Expenses	-			
Repairs & Maintenance	210,307	20		210,287
Space Costs	1,364	1,364		
Supplies	-			
Taxes, Licenses and Permits	-			
Taxes, Real Property	-			
Transportation Expense	-			
Travel	-			
Utilities	<u>646</u>	<u>646</u>		
Total Operating Expenses	<u>267,765</u>	<u>55,728</u>	<u>402</u>	<u>211,635</u>
TOTAL PROGRAM EXPENSES	<u>\$ 341,604</u>	<u>\$ 93,693</u>	<u>\$ 36,276</u>	<u>\$ 211,635</u>

See Auditor's Report On Supplementary Information

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Schedule of Functional Expenses - General Programs
For the Year Ended June 30, 2019

	<u>TOTAL</u>	<u>Scholarship Program</u>	<u>World Refugee Day Fundraiser</u>	<u>General & Administration</u>
PERSONNEL EXPENSES:				
Salaries	\$ 79			\$ 79
Payroll Taxes	349			349
Other Employee's Benefits	9,410			9,410
Total Personnel Expenses	<u>9,838</u>	<u>-</u>	<u>-</u>	<u>9,838</u>
OPERATING EXPENSES:				
Advertising	227			227
Bad Debt Expenses	12,900			12,900
Bank Charges	10,083	\$ 377		9,706
Communications	209			209
Contract Services	4,024			4,024
Depreciation	42,862			42,862
Direct Client Assistance	-			
Donations	372,816	21,350		351,466
Dues and Subscription	2,305			2,305
Equipment Rental	35			35
Fundraising Expenses	4,761		\$ 450	4,311
Insurance	13,267			13,267
Interest Expense	47,904			47,904
Interpretation Services	210			210
Investment Expenses	-			
Meals and Conferences	5,599		3,617	1,982
Mileage	332	59	35	238
Other Expenses	24,707	18,812	1,764	4,131
Postage	469		149	320
Printing	1,651		1,094	557
Professional Fees - Legal	2,750			2,750
Professional Fees - Other	3,375			3,375
Rental Expenses	2,050			2,050
Repairs & Maintenance	5,376			5,376
Space Costs	(34,934)			(34,934)
Supplies	1,922	196	846	880
Taxes, Licenses and Permits	8,151			8,151
Taxes, Real Property	5,868			5,868
Transportation Expense	262			262
Travel	15,121			15,121
Utilities	7,957			7,957
Total Operating Expenses	<u>562,259</u>	<u>40,794</u>	<u>7,955</u>	<u>513,510</u>
TOTAL PROGRAM EXPENSES	<u>\$ 572,097</u>	<u>\$ 40,794</u>	<u>\$ 7,955</u>	<u>\$ 523,348</u>

See Auditor's Report On Supplementary Information

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Schedule of Functional Expenses - ECDC Programs
For the Year Ended June 30, 2019

	<u>TOTAL</u>	<u>Resettlement & Placement</u>	<u>PC Americorp</u>
PERSONNEL EXPENSES:			
Salaries	\$ 243,300	\$ 199,963	\$ 43,337
Payroll Taxes	25,270	21,083	4,187
Other Employee's Benefits	55,910	49,708	6,202
Total Personnel Expenses	<u>324,480</u>	<u>270,754</u>	<u>53,726</u>
OPERATING EXPENSES:			
Advertising	254	254	
Bad Debt Expenses	-		
Bank Charges	882	854	28
Communications	5,850	5,647	203
Contract Services	-		
Depreciation	7,210	7,210	
Direct Client Assistance	183,713	183,713	
Donations	-		
Dues and Subscription	914	914	
Equipment Rental	544	499	45
Fundraising Expenses	-		
Insurance	19,418	17,192	2,226
Interest Expense	-		
Interpretation Services	170	170	
Investment Expenses	-		
Meals and Conferences	429	429	
Mileage	1,141	46	1,095
Other Expenses	3,354	3,234	120
Postage	502	426	76
Printing	1,392	1,283	109
Professional Fees - Legal	-		
Professional Fees - Other	2,710	2,222	488
Rental Expenses	-		
Repairs & Maintenance	6,534	6,333	201
Space Costs	12,115	10,903	1,212
Supplies	4,425	3,827	598
Taxes, Licenses and Permits	-		
Taxes, Real Property	-		
Transportation Expense	9,321	9,321	
Travel	2,291	1,000	1,291
Utilities	6,076	5,467	609
Total Operating Expenses	<u>269,245</u>	<u>260,944</u>	<u>8,301</u>
TOTAL PROGRAM EXPENSES	<u>\$ 593,725</u>	<u>\$ 531,698</u>	<u>\$ 62,027</u>

See Auditor's Report On Supplementary Information

COMPLIANCE

INFORMATION

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT
ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Boards of Directors
Alliance for African Assistance, Inc.
San Diego, California

Report on Compliance for Each Major Federal Program

I have audited Alliance for African Assistance, Inc.'s (AAA) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of AAA's major federal program for the year ended June 30, 2019. AAA's major federal programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of AAA's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with generally accepted auditing standards used 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 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). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about AAA's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of AAA's compliance.

Opinion on each Major Federal Program

In my opinion, AAA complied, in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2019.

Report on Internal Controls over Compliance

Management of AAA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the AAA's internal controls over compliance with the types of requirements that could have a direct and material effect on each major federal 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, I do not express an opinion on the effectiveness of AAA's 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.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. 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 my testing of internal control over compliance and the results of that testing

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

I have audited the financial statements of AAA as of and for the year ended June 30, 2019, and have issued my report thereon dated November 15, 2019, which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purpose 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 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 generally accepted auditing standards used in the United States of America. In my opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Clifford R. Benn, CPA

Carson, California
November 15, 2019

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2019

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR'S PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>	<u>PROGRAM EXPENDITURES</u>
MAJOR PROGRAMS			
U.S. Department of State, Bureau of Population, Refugees and Migrations, U.S. Refugee Admissions Program			
Passed through Ethiopian Community Development Council, Inc.	19.510	SPRMCO18CA0005	\$ 270,350
Department of Health and Human Services Office of Administration for Children and Families, Wilson/Fish Program			
Passed through Catholic Charities, Diocese of San Diego	93.583	N/A	286,815
Department of Housing and Urban Development, Community Development Block Grants/ Entitlement Grants			
Passed through the City of San Diego	14.218	B-17-MC-06-0542	211,635
			<hr/>
Total Major Programs			<hr/> 768,800 <hr/>

See Accompanying Notes and Auditor's Report

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2019

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR'S PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>	<u>PROGRAM EXPENDITURES</u>
NON-MAJOR PROGRAMS			
Department of Health and Human Services, Administration for Children and Families, Refugee and Entrant Assistance - Discretionary Grants, Refugee Educational and Savings Success Program	93.576	90Z10131-01	93,617
Department of Health and Human Services, Administration for Children and Families, Refugee and Entrant Assistance - Discretionary Grants			
Passed through Ethiopian Community Development Council, Inc.	93.576	90RP0114-02	<u>59,517</u>
Program Sub-total			<u>153,134</u>
Department of Agriculture, Office of Food and Nutrition Service, State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
Passed through San Diego Hunger Coalition	10.561	16-SUB-00965	<u>27,447</u>
Total Non-Major Programs			<u>180,581</u>
TOTAL ALL PROGRAMS			<u>\$ 949,381</u>

See Accompanying Notes and Auditor's Report

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

NOTES:

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Alliance for African Assistance under programs of the federal government for the year ended June 30, 2019. The information in this schedule of expenditures of federal awards is presented in accordance with the requirements of the Uniform Guidance for Federal Awards. Because the schedule presents only a selected portion of the operations of Alliance for African Assistance, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Alliance for African Assistance.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditure of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Alliance for African Assistance has elected to not use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance for Federal Awards.

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
 Schedule of Findings and Questioned Costs
 For The Year Ended June 30, 2019

SECTION I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over reporting:

* Material weakness identified? _____yes __X__no

* Significant deficiency _____yes __X__no

Noncompliance material to financial statements noted? _____yes __X__no

Federal Awards

Internal control over major programs:

* Material weakness identified? _____yes __X__no

* Significant deficiency identified _____yes __X__no

Type of auditor's report issued on compliance For major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____yes __X__no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
19.510	U.S. Refugee Admissions Program
93.583	Wilson/Fish Program
14.218	Community Development Block Grants/ Entitlement Grants

Dollar threshold used to distinguish between type A and type B program \$750,000

Auditee qualified as low-risk auditee? _____yes __X__no

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION II – Financial Statement Findings

No matters were reported

SECTION III – Federal Award Findings and Questioned Costs

No matters were reported

SECTION IV – Summary of Prior Year's Findings

No matters were reported