

**LOVE NEVER FAILS**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2020**

**LOVE NEVER FAILS**  
**Financial Statements**  
**For the Year Ended December 31, 2020**

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**LOVE NEVER FAILS**  
**BOARD OF DIRECTORS**

**DECEMBER 31, 2020**

Vanessa Russell, Chairperson  
Alvin DaCosta, Vice Chairperson  
HuLynne Besharatpour, Treasurer  
Mick Burke, Secretary  
Brianna Williams  
Karla Rivera  
Ed Sayson

**MANAGEMENT**

Vanessa Russell, Founder & Executive Director



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Love Never Fails  
Dublin, California

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Love Never Fails (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 the Organization'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 Organization'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 the Organization as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2021, on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.

*Mazze & Associates*

Pleasant Hill, California  
October 14, 2021

LOVE NEVER FAILS  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2020

ASSETS

Current Assets

Cash and cash equivalents (Note 3)	\$221,252
Accounts receivable, current portion (Note 2E)	<u>100,399</u>
Total Current Assets	<u>321,651</u>

Non-Current Assets

Accounts receivable, non-current portion (Note 2E)	100,000
Property and equipment, net	<u>2,471</u>
Total Non-Current Assets	<u>102,471</u>

TOTAL ASSETS \$424,122

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$8,181
Accrued liabilities	<u>9,653</u>
Total Liabilities	<u>17,834</u>

Net Assets (Note 2A)

Without Donor Restrictions	52,955
With Donor Restrictions (Note 4)	<u>353,333</u>
Total Net Assets	<u>406,288</u>

TOTAL LIABILITIES AND NET ASSETS \$424,122

See accompanying notes to financial statements

LOVE NEVER FAILS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Foundation grants		\$496,500	\$496,500
Individual contributions	\$192,545		192,545
Business contributions	72,674		72,674
Ministry partners contribution	38,392		38,392
Government support	504,124		504,124
Fundraising	48,650		48,650
Direct program income	28,255		28,255
In-kind contributions (Note 2F)	84,581		84,581
Other income	3,408		3,408
Net assets released from restrictions (Note 4)	224,817	(224,817)	
	<u>1,197,446</u>	<u>271,683</u>	<u>1,469,129</u>
<b>EXPENSES</b>			
Program services	817,347		817,347
Support services:			
Management and General	274,682		274,682
Fundraising	86,680		86,680
	<u>361,362</u>		<u>361,362</u>
	<u>1,178,709</u>		<u>1,178,709</u>
Increase in net assets	18,737	271,683	290,420
Net assets, at beginning of year	34,218	81,650	115,868
Net assets, at end of year	<u>\$52,955</u>	<u>\$353,333</u>	<u>\$406,288</u>

See accompanying notes to financial statements

LOVE NEVER FAILS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

FUNCTIONAL EXPENSES	Program			Supporting Services		Total
	Restoration Services	Work Force Development	Community Activism	Management and General	Fundraising	
Compensation and related expenses:						
Salaries	\$273,029	\$111,320	\$38,771	\$138,404	\$55,519	\$617,043
Payroll taxes and benefits	30,605	8,950	2,606	45,626	1,168	88,955
Sub-total	303,634	120,270	41,377	184,030	56,687	705,998
Advertising and promotion (Note 2J)			178	2,341		2,519
Communications	693		60	1,462		2,215
Direct client services	7,301			23		7,324
Facility rental	14,226	21,665		1,795	19,799	57,485
Food	2,640	870	85	889		4,484
Grants to others						-
Insurance	3,981			4,099		8,080
Media outreach			13,203	2,750		15,953
Meeting expense				105		105
Miscellaneous	514	1,782		1,172		3,468
Office expense	503	148	530	16,780	70	18,031
Outside services	70,399	16,932	6,935	51,339	825	146,430
Postage and shipping	82	230		117		429
Program materials and supplies	382	12,902	8,923	462		22,669
Rent (Note 8E)	121,981					121,981
Repairs and maintenance	12,652					12,652
Special events				27	9,299	9,326
Telephone						-
Travel and transportation	8,960	4	577	4,733		14,274
Utilities	22,728			2,558		25,286
<b>Total Functional Expenses</b>	<b>\$570,676</b>	<b>\$174,803</b>	<b>\$71,868</b>	<b>\$274,682</b>	<b>\$86,680</b>	<b>\$1,178,709</b>

See accompanying notes to financial statements



LOVE NEVER FAILS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets \$290,420

Adjustments to reconcile change in net assets to  
net cash provided by operating activities:

Changes in assets and liabilities:

Accounts receivable	(199,922)
Accounts payable	848
Accrued liabilities	<u>4,625</u>

Net Cash Provided by Operating Activities 95,971

INCREASE IN CASH AND CASH EQUIVALENTS 95,971

Cash and cash equivalents, beginning of year 125,281

Cash and cash equivalents, end of year \$221,252

Supplemental disclosure to the cash flow statement:

The Organization paid no taxes or interest in 2020.

See accompanying notes to financial statements

**LOVE NEVER FAILS**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**NOTE 1 – REPORTING ENTITY**

**A. Organization**

Love Never Fails (the Organization or LNF) is a nonprofit charitable corporation originally incorporated in December 2011 after the Founder’s teenage dance student experienced human trafficking in the San Francisco Bay Area. The Board of Directors and Advisory Board include thriving survivors and their families, business owners, teachers, social workers, Pastors, local government executives, attorneys, health care workers, etc. All of the non-profit Board and Advisory members are engaged on a voluntary basis, except for the Board President who serves as the Organization’s Executive Director and began receiving a salary during 2018. They are committed to the wellbeing of all youth, and are driven to restoration, education and protecting them from sex trafficking.

Love Never Fails is committed to providing members of the under-served and under-represented community including human trafficking survivors, foster, system involved and/or transitional aged youth, teenage parents, etc. an opportunity to compete for professional careers in sustainable industries.

**B. Programs**

**Safe Housing**

***I AM House of Restoration:*** Opened in March 2015, this is a survivor-centered and trauma-informed 18-month safe housing program for women survivors of human trafficking and their children. Program Members receive wraparound restorative services including case management, cognitive therapy, art & somatic therapy, abuse & addiction classes, mentoring, workforce development, legal services, and family reunification support.

***I AM Youth Art House:*** Opened in September 2020, this is a 12-month safe housing program for survivors of human trafficking between the ages of 13 and 17. Programing includes art (painting, media, etc.), piano, voice, guitar, dance, healthy living/nutrition, and career exploration. There are multiple layers of support which include house staff, clinical staff, arts/activities/education staff, and a family reunification coach.

***I AM Launch House:*** Opened in November 2020, this is a 6-month housing program focused on empowering homeless men. We will house Transitional Aged Youth (TAY) men as well as their partner and/or children. Programming is focused on developing mental, emotional, financial, and educational wellness. At the end of the program, the goal is for each participant to have savings, restored credit, industry certifications and/or job placement, and a wellness discipline that helps them manage interpersonal challenges.

**LOVE NEVER FAILS**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**NOTE 1 – REPORTING ENTITY (Continued)**

**Workforce Development- IT Biz, Community Store, Career Closet**

*IT Biz:* Provides members of the under-served and under-represented community including human trafficking survivors, foster care, juvenile justice system involved and/or transitional aged youth, teenage parents, etc. an opportunity to compete for professional careers in sustainable industries. IT Biz is a certified Cisco Networking Academy and a California certified Cybersecurity Pre- Apprenticeship Program. It introduces low income and underserved individuals to technology by providing Cisco (Get Connected, Entrepreneurship and Cybersecurity) and CompTIA A+ certification training, business attire, resume writing, interviewing techniques, public speaking, mock interviews and financial literacy classes. Our classes are taught by survivors of human trafficking and domestic violence. This is of particular importance as we strive to be preventative and culturally responsive to under-served and under resourced populations. Our students are inspired by knowing that their teachers have overcome similar obstacles and are now flourishing in the community.

*Community Store & Career Closet:* Many survivors and at-risk youth have been provided employment and skill development through the Love Never Fails Community Store. A Career Closet is onsite to provide access to interview and professional attire.

**Prevention Education- PROTECT & Community Education**

LNF helped launch an abuse and human trafficking prevention education program called PROTECT in collaboration with 3Strands Global, Frederick Douglass Family Initiatives, the CA Department of Education, and the CA Attorney General’s Office. Since its inception in 2015, PROTECT has been implemented in over 41 California Counties and has grown to other states, including Utah and Texas, reaching over 500,000+ children and adults. In addition, LNF also provides community education regarding human trafficking and trauma.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Basis of Presentation***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC), No. 958, *Financial Statements of Not-for-Profit Organizations*.

The Organization reports information regarding its financial position and activities according to two classes of net assets.

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations that are not subject to or are no longer subject to donor-imposed restrictions.

**LOVE NEVER FAILS**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Net Assets With Donor Restrictions* – Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

**B. *Contributions and Grants***

All grants are considered to be available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support and revenues with donor restrictions that increases that net asset class. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**C. *Cash and Cash Equivalents***

For purposes of reporting cash flows, the Organization considers highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**D. *Concentration of Credit Risk***

The Federal Deposit Insurance Corporation (“FDIC”) insures account balances at each insured institution. The Organization maintains deposit accounts with financial institutions and may carry balances that exceed FDIC insurance limits.

**E. *Receivables***

Receivables are recorded net of an allowance for expected losses. The allowance is recorded based on an estimate of the expected collectability of the amounts. At December 31, 2020, accounts receivable consisted primarily of a receivable from Microsoft for the Get With IT programs, which is a three-year grant that commenced in 2020. Management did not consider an allowance for doubtful accounts necessary as of December 31, 2020.

**LOVE NEVER FAILS**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. *In-Kind Contributions***

The Organization receives goods and services, which are donated for carrying out its mission. Donated professional services are recorded at the respective fair values of the services received. Donated rent is recorded as the difference between fair value of rent and the amount paid for the use of a safe house. Contributed goods are recorded at fair value at the date of donation.

For the year ended December 31, 2020, in-kind contributions consisted of the following:

Donated professional services	\$44,102
Donated rent	27,600
Donated goods and other	<u>12,879</u>
Total in-kind contributions	<u><u>\$84,581</u></u>

**G. *Income Taxes***

The Organization is exempt from income tax under Section 501(c)(3) of U.S. the Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Unrelated business income, if any, may be subject to income tax. The Organization paid no taxes on unrelated business income in the year ended December 31, 2020.

Generally accepted accounting principles require the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the organization's tax returns. Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Organization's tax returns remain open for federal income tax examination for three years from the date of filing.

**H. *Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement and revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

**LOVE NEVER FAILS**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***I. Functional Allocation of Expenses***

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on the type of expense.

The Organization allocated 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. Indirect costs are allocated among program and support services on a basis proportionate to the direct staff time or other method which best measures the relative degree of benefit.

***J. Advertising Costs***

Advertising costs are expensed as incurred and totaled \$2,519 for fiscal year ended December 31, 2020.

***K. Fair Value Measurements***

The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three tier hierarchy based on observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect industry assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

The three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset or liability. In these situations, the Foundations develops inputs using the best information available in the circumstances.

***L. Subsequent Event***

Love Never Fails evaluated subsequent events for recognition and disclosure through October 14, 2021, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2020 that require recognition or disclosure in such financial statements.

**LOVE NEVER FAILS**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of deposits in banks and are reported at their fair market values using level 1 fair value measures (quoted prices in active markets) in the Statement of Financial Position.

**NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS**

As of December 31, 2020, net assets with donor restrictions consisted of the following:

Contra Costa Program Expansion	\$70,000
Workforce Development - Get With IT	<u>283,333</u>
Total Net Assets With Donor Restrictions	<u><u>\$353,333</u></u>

For the year ended December 31, 2020, net assets were released from restrictions as follows:

Program	Amount
Contra Costa Program - Expansion Grant	\$79,150
Education - Prevention of Human Trafficking and Child Abuse	2,500
General Support	65,000
General Support - Core Mission Support	1,000
General Support - COVID Relief Fund	500
Outreach - 200 Kits w/Toiletries and Food	25,000
Safe House - Awareness for Human Trafficking	1,000
Safe House - Youth Art House	3,000
Safe House - Youth Art House and House Restoration	15,000
Workforce Development - Get With IT	16,667
Workforce Development - iCAP Oakland	3,500
Workforce Development - IT BIZ Cybersecurity Pre-Apprenticeship	10,000
Workforce Development - Survivors of Human Trafficking	<u>2,500</u>
Total	<u><u>\$224,817</u></u>

**NOTE 5 – SBA LOAN**

On May 12, 2020, the Organization received a \$122,495 loan from the U.S. Small Business Administration Paycheck Protection Program (PPP), with an interest rate of 1.0% that was to mature on May 12, 2022. The loan was made pursuant to sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Section 1106 of the CARES Act provides that up to the full principal amount plus interest accrued on loans guaranteed under the PPP may qualify for forgiveness if the Organization uses the loan proceeds for forgivable purposes.

The Organization was granted forgiveness for the loan and has recognized the grant revenue under Government Support on the Statement of Activities.

**LOVE NEVER FAILS**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**NOTE 6 – LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consisted of the following at December 31, 2020:

Total financial assets:	
Cash and cash equivalents	\$221,252
Accounts receivable	200,399
Total current financial assets	421,651
Contractual or donor-imposed restrictions:	
Donor-imposed restrictions	(353,333)
Financial Assets Available to Meet Cash	
Needs for Expenditures Within One Year	\$68,318

**NOTE 7 – RETIREMENT PLAN**

The Organization has a contributory retirement/savings plan. The plan covers substantially all full-time employees who meet a two-year service requirement. Under the terms of the plan, contributions are made under a 5304 SIMPLE IRA plan and are invested, at the discretion of the plan participant, in one or more of the investment vehicles available under the plan. The Organization will contribute up to 2% of the employee’s salary and the employee may elect to contribute an additional amount through payroll deductions. For the year ended December 31, 2020, the Organization contributed \$1,988 to the plan.



**LOVE NEVER FAILS**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**NOTE 8 – FACILITY LEASES**

As of December 31, 2020, the Organization has the following three operating leases:

**A. *Office Lease***

Love Never Fails entered into a lease agreement with an individual for its office space in Hayward, California. The lease has a three year term commencing on August 1, 2020 and expires on July 31, 2023, with an option to renew for an additional three year term. The lease is for 2250 rentable square feet and a monthly rent expense of \$3,500, increasing 3% each year.

**B. *Safe House Lease #1***

On July 16, 2015, Love Never Fails entered into a lease agreement with an individual for its first safe house. The lease commencement date was August 1, 2015 and initially expired on July 31, 2016, however, the parties opted to extend the term for additional years. The lease was renewed on June 30, 2020 and expires on June 30, 2021, with an option to extend the lease for an additional two years. The lease is for 2200 rentable square feet and a monthly rent expense of \$3,500.

**C. *Safe House Lease #2***

On December 10, 2019, Love Never Fails entered into a lease agreement with an individual for its second safe house. The term of the lease was 1 month with a commencement date of December 15, 2019 and expiration date of November 14, 2020, with an option to extend the term for an additional two years. The fair value of the rent is \$2,700 per month, however, the landlord only charges the Organization \$1 per month. The difference has been recorded as in-kind contributions (see Note 2F).

**D. *Safe House Lease #3***

Love Never Fails entered into a rent to own lease agreement with New Hope Christian Fellowship for transitional housing for homeless men and their families in Hayward, California. The lease commenced on September 1, 2020 and expires on September 1, 2021, with an option to renew. The lease calls for monthly rent payments of \$1,100. LNF has an option to purchase the property upon satisfactory performance of the lease. At the time of issuance of this report, LNF has not exercised this option.

**E. *Rent Expense***

Total rent expense for the year ended December 31, 2020 was \$121,981.

## **SUPPLEMENTAL SECTION**

**Love Never Fails**  
**Schedule of Funds for Alameda County Grants**  
**Fiscal Year ending December 31, 2020**

PC No.: 19175

PO No.: 17039

Contract No.: 901416

Contract Amount: \$213,275.52

Contract Period: 7/1/2019 - 6/30/2020

<b>Line Item</b>	<b>Q1 (Jan-Mar 2020)</b>	<b>Q2 (Apr-Jun 2020)</b>	<b>Total Billed</b>
Executive Director	\$5,000.00	\$5,000.00	\$10,000.00
House Managers	\$10,020.57	\$10,569.63	\$20,590.20
Program Manager	\$4,290.16	\$4,290.16	\$8,580.32
Services Coordinator	\$3,977.00	\$3,977.00	\$7,954.00
Workforce Dev. Coord	\$1,250.00	\$1,250.00	\$2,500.00
Administrator	\$1,250.00	\$1,250.00	\$2,500.00
FICA	\$1,308.75	\$1,308.75	\$2,617.50
Unemployment Ins	\$147.75	\$147.75	\$295.50
Workers Comp	\$229.50	\$229.50	\$459.00
Rent	\$21,303.00	\$21,303.00	\$42,606.00
Travel & Mileage	\$3,394.52	\$1,531.77	\$4,926.29
Client Meals & Supplies	\$1,584.67	\$2,315.64	\$3,900.31
<b>Total Billed</b>	<b>\$53,755.92</b>	<b>\$53,173.20</b>	<b>\$106,929.12</b>

PC No.: 19943

PO No.: 17462

Contract No.: 901416

Contract Amount: \$212,692.80

Contract Period: 7/1/2020 - 6/30/2021

<b>Line Item</b>	<b>Q3 (Jul-Sep 2020)</b>	<b>Q4 (Oct-Dec 2020)</b>	<b>Total Billed</b>
Executive Director	\$5,000.00	\$5,000.00	\$10,000.00
House Managers	\$11,091.66	\$10,533.59	\$21,625.25
Program Manager	\$4,290.16	\$4,290.16	\$8,580.32
Services Coordinator	\$3,977.00	\$3,977.00	\$7,954.00
Workforce Dev. Coord	\$1,250.00	\$1,250.00	\$2,500.00
Administrator	\$1,250.00	\$1,250.00	\$2,500.00
FICA	\$1,308.75	\$1,308.75	\$2,617.50
Unemployment Ins	\$147.75	\$147.75	\$295.50
Workers Comp	\$229.50	\$229.50	\$459.00
Rent	\$21,303.00	\$21,303.00	\$42,606.00
Travel & Mileage	\$1,765.23	\$1,212.50	\$2,977.73
Client Meals & Supplies	\$1,560.15	\$2,670.95	\$4,231.10
<b>Total Billed</b>	<b>\$53,173.20</b>	<b>\$53,173.20</b>	<b>\$106,346.40</b>



**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Love Never Fails  
Dublin, 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 basic financial statements of Love Never Fails, as of and for the year ended December 31, 2020, and have issued our report thereon dated October 14, 2021.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization'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.

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### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated October 14, 2021 which is an integral part of our audit and should be read in conjunction with this report.

### ***Purpose of this Report***

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

*Maze & Associates*

Pleasant Hill, California  
October 14, 2021