



# Parents Helping Parents

Building Bright Futures for  
Children with Special Needs

**PARENTS HELPING PARENTS, INC.**

**Financial Statements  
and Supplementary Information  
June 30, 2019 and 2018**

**Together with  
Independent Auditors' Report  
and Single Audit Reports**

**PARENTS HELPING PARENTS, INC.**

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June 30, 2019

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Parents Helping Parents, Inc.  
San Jose, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Parents Helping Parents, Inc. (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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.

### **Auditors' 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 auditors' 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.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Board of Directors of  
Parents Helping Parents, Inc.  
San Jose, California

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), 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 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019, 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.



San Jose, California  
December 16, 2019

**PARENTS HELPING PARENTS, INC.**  
**Statements of Financial Position**

	June 30,	
	2019	2018
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 822,327	\$ 549,408
Investments	154,251	148,857
Grants and accounts receivable	142,866	167,468
Pledges receivable, net	3,392	47,648
In-kind rent receivable, net - current	299,943	299,943
Prepaid expenses	6,762	6,915
Total current assets	1,429,541	1,220,239
Property and equipment, net	167,516	111,958
In-kind rent receivable, net - non-current	242,669	510,206
Deposits	14,283	15,510
Total assets	\$ 1,854,009	\$ 1,857,913
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 145,318	\$ 173,081
Capital lease obligations - current	1,312	4,978
Total current liabilities	146,630	178,059
Capital lease obligations - non-current	-	1,481
Total liabilities	146,630	179,540
Contingency		
Net assets:		
Without donor restrictions:		
Undesignated	693,722	489,371
Board designated	25,321	28,625
Total net assets without donor restrictions	719,043	517,996
With donor restrictions	988,336	1,160,377
Total net assets	1,707,379	1,678,373
Total liabilities and net assets	\$ 1,854,009	\$ 1,857,913

The accompanying notes are an integral part of these financial statements

**PARENTS HELPING PARENTS, INC.**  
**Statement of Activities and Changes in Net Assets**  
For the Year Ended June 30, 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenue:			
Grants and contracts	\$ 1,546,357	\$ 152,075	\$ 1,698,432
Contributions and pledges	278,364	263,945	542,309
Program service fees	86,590	-	86,590
Total operating revenue	<u>1,911,311</u>	<u>416,020</u>	<u>2,327,331</u>
Fundraising event revenue, net:			
Fundraising event revenue	166,904	-	166,904
Less costs of direct benefits to donors	<u>(36,039)</u>	<u>-</u>	<u>(36,039)</u>
Total fundraising event revenue, net	<u>130,865</u>	<u>-</u>	<u>130,865</u>
Other income:			
In-kind income	53,300	-	53,300
Change in present value of in-kind rent receivable	-	32,406	32,406
Investment income:			
Interest income	6,920	-	6,920
Unrealized and realized gain on investments	3,994	-	3,994
Other revenue	627	-	627
Total other income	<u>64,841</u>	<u>32,406</u>	<u>97,247</u>
Net assets released from restrictions	<u>620,467</u>	<u>(620,467)</u>	<u>-</u>
Total revenue	<u>2,727,484</u>	<u>(172,041)</u>	<u>2,555,443</u>
Expenses:			
Operating programs:			
Community and family services	613,693	-	613,693
Education of public and professionals	926,036	-	926,036
Technology center	139,248	-	139,248
E-Learning	96,406	-	96,406
Total program services	<u>1,775,383</u>	<u>-</u>	<u>1,775,383</u>
Supporting services:			
Management and general	193,485	-	193,485
Development	257,626	-	257,626
Total supporting services	<u>451,111</u>	<u>-</u>	<u>451,111</u>
Total expenses before in-kind rent expense	<u>2,226,494</u>	<u>-</u>	<u>2,226,494</u>
Change in net assets before in-kind rent expense	500,990	(172,041)	328,949
In-kind rent expense	<u>299,943</u>	<u>-</u>	<u>299,943</u>
Change in net assets	201,047	(172,041)	29,006
Net assets, beginning of year	<u>517,996</u>	<u>1,160,377</u>	<u>1,678,373</u>
Net assets, end of year	<u>\$ 719,043</u>	<u>\$ 988,336</u>	<u>\$ 1,707,379</u>

The accompanying notes are an integral part of these financial statements

**PARENTS HELPING PARENTS, INC.**  
**Statement of Activities and Changes in Net Assets**  
For the Year Ended June 30, 2018

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenue:			
Grants and contracts	\$ 1,472,542	\$ -	\$ 1,472,542
Contributions and pledges	458,927	225,783	684,710
Program service fees	51,792	-	51,792
Total operating revenue	<u>1,983,261</u>	<u>225,783</u>	<u>2,209,044</u>
Fundraising event, net:			
Fundraising event revenue	176,301	-	176,301
Less costs of direct benefits to donors	<u>(50,699)</u>	<u>-</u>	<u>(50,699)</u>
Total fundraising event revenue, net	<u>125,602</u>	<u>-</u>	<u>125,602</u>
Other income:			
In-kind income	56,093	834,594	890,687
Investment income:			
Interest income	4,808	-	4,808
Unrealized and realized gain on investments	5,407	-	5,407
Loss on disposal of assets	<u>(50)</u>	<u>-</u>	<u>(50)</u>
Total other income	<u>66,258</u>	<u>834,594</u>	<u>900,852</u>
Net assets released from restrictions	<u>375,683</u>	<u>(375,683)</u>	<u>-</u>
Total revenue	<u>2,550,804</u>	<u>684,694</u>	<u>3,235,498</u>
Expenses:			
Operating programs:			
Community and family services	589,963	-	589,963
Education of public and professionals	953,976	-	953,976
Technology center	73,117	-	73,117
E-Learning	66,864	-	66,864
Total program services	<u>1,683,920</u>	<u>-</u>	<u>1,683,920</u>
Supporting services:			
Management and general	213,885	-	213,885
Development	224,967	-	224,967
Total supporting services	<u>438,852</u>	<u>-</u>	<u>438,852</u>
Total expenses before in-kind rent expense	<u>2,122,772</u>	<u>-</u>	<u>2,122,772</u>
Change in net assets before in-kind rent expense	428,032	684,694	1,112,726
In-kind rent expense	<u>323,017</u>	<u>-</u>	<u>323,017</u>
Change in net assets	105,015	684,694	789,709
Net assets, beginning of year	<u>412,981</u>	<u>475,683</u>	<u>888,664</u>
Net assets, end of year	<u>\$ 517,996</u>	<u>\$ 1,160,377</u>	<u>\$ 1,678,373</u>

The accompanying notes are an integral part of these financial statements

**PARENTS HELPING PARENTS, INC.**

**Statement of Functional Expenses**

For the Year Ended June 30, 2019

	Operating Programs				Total Program	Supporting Services		Total Supporting Services	Total
	Community and Family Services	Education of Public and Professionals	Assistive Technology Services	E-Learning		Management and General	Development		
<u>Personnel costs</u>									
Salaries and wages	\$ 369,504	\$ 452,113	\$ 85,598	\$ 38,768	\$ 945,983	\$ 142,253	\$ 156,460	\$ 298,713	\$ 1,244,696
Payroll taxes and benefits	74,713	83,442	15,991	13,475	187,621	17,146	43,590	60,736	248,357
Total personnel expenses	<u>444,217</u>	<u>535,555</u>	<u>101,589</u>	<u>52,243</u>	<u>1,133,604</u>	<u>159,399</u>	<u>200,050</u>	<u>359,449</u>	<u>1,493,053</u>
<u>Operating costs</u>									
Subcontractors	6,681	283,522	-	-	290,203	-	-	-	290,203
Occupancy	33,023	45,721	8,750	1,328	88,822	11,219	12,580	23,799	112,621
Professional fees and insurance	44,930	21,591	4,536	34,518	105,575	8,134	15,153	23,287	128,862
Supplies	14,034	13,864	15,639	540	44,077	3,261	2,739	6,000	50,077
Printing and publications	9,104	61	444	-	9,609	14	5,135	5,149	14,758
Specific assistance	21,643	100	-	-	21,743	-	-	-	21,743
Other expenses	17,886	2,921	1,195	6,060	28,062	4,547	10,739	15,286	43,348
Depreciation and amortization	4,099	5,443	998	188	10,728	1,658	1,856	3,514	14,242
Telephone and communication	1,691	3,974	428	63	6,156	708	772	1,480	7,636
Travel	7,441	7,617	1,361	-	16,419	678	1,786	2,464	18,883
Membership dues	2,862	2,612	312	14	5,800	1,229	1,174	2,403	8,203
Postage and shipping	2,654	657	126	11	3,448	278	1,806	2,084	5,532
Equipment expense	1,238	313	1,751	1,351	4,653	157	822	979	5,632
Conferences and trainings	2,190	2,085	2,119	90	6,484	2,203	3,014	5,217	11,701
Total operating expenses	<u>169,476</u>	<u>390,481</u>	<u>37,659</u>	<u>44,163</u>	<u>641,779</u>	<u>34,086</u>	<u>57,576</u>	<u>91,662</u>	<u>733,441</u>
Total expenses before in-kind rent	613,693	926,036	139,248	96,406	1,775,383	193,485	257,626	451,111	2,226,494
In-kind rent expense	<u>80,321</u>	<u>125,853</u>	<u>22,437</u>	<u>5,116</u>	<u>233,727</u>	<u>28,723</u>	<u>37,493</u>	<u>66,216</u>	<u>299,943</u>
Total expenses	<u>\$ 694,014</u>	<u>\$ 1,051,889</u>	<u>\$ 161,685</u>	<u>\$ 101,522</u>	<u>\$ 2,009,110</u>	<u>\$ 222,208</u>	<u>\$ 295,119</u>	<u>\$ 517,327</u>	<u>\$ 2,526,437</u>

The accompanying notes are an integral part of these financial statements

**PARENTS HELPING PARENTS, INC.**

**Statement of Functional Expenses**

For the Year Ended June 30, 2018

	Operating Programs				Total Program	Supporting Services		Total Supporting Services	Total
	Community and Family Services	Education of Public and Professionals	Assistive Technology Services	E-Learning		Management and General	Development		
<u>Personnel costs</u>									
Salaries and wages	\$ 343,263	\$ 462,160	\$ 42,958	\$ 23,675	\$ 872,056	\$ 115,150	\$ 135,762	\$ 250,912	\$ 1,122,968
Payroll taxes and benefits	81,475	96,684	9,069	1,704	188,932	13,193	36,124	49,317	238,249
Total personnel expenses	<u>424,738</u>	<u>558,844</u>	<u>52,027</u>	<u>25,379</u>	<u>1,060,988</u>	<u>128,343</u>	<u>171,886</u>	<u>300,229</u>	<u>1,361,217</u>
<u>Operating costs</u>									
Subcontractors	2,002	285,322	-	-	287,324	-	-	-	287,324
Occupancy	45,243	47,769	8,374	-	101,386	9,801	10,075	19,876	121,262
Professional fees	27,356	19,590	2,243	36,126	85,315	63,190	17,191	80,381	165,696
Supplies	20,374	15,584	8,272	680	44,910	2,801	2,262	5,063	49,973
Printing and publications	4,033	336	228	-	4,597	42	5,726	5,768	10,365
Specific assistance	35,394	150	-	-	35,544	-	-	-	35,544
Other expenses	5,636	728	402	73	6,839	5,386	8,269	13,655	20,494
Depreciation and amortization	3,312	4,179	608	-	8,099	996	1,142	2,138	10,237
Telephone and communication	1,820	4,003	335	-	6,158	549	629	1,178	7,336
Travel	7,011	5,768	199	396	13,374	170	303	473	13,847
Membership dues	1,988	2,650	212	-	4,850	1,353	1,606	2,959	7,809
Postage and shipping	1,752	1,036	151	-	2,939	239	1,660	1,899	4,838
Equipment expense	5,056	2,509	66	4,191	11,822	-	-	-	11,822
Conferences and trainings	4,248	5,508	-	19	9,775	1,015	4,218	5,233	15,008
Total operating expenses	<u>165,225</u>	<u>395,132</u>	<u>21,090</u>	<u>41,485</u>	<u>622,932</u>	<u>85,542</u>	<u>53,081</u>	<u>138,623</u>	<u>761,555</u>
Total expenses before in-kind rent	589,963	953,976	73,117	66,864	1,683,920	213,885	224,967	438,852	2,122,772
In-kind rent expense	<u>130,489</u>	<u>112,631</u>	<u>21,567</u>	<u>-</u>	<u>264,687</u>	<u>28,459</u>	<u>29,871</u>	<u>58,330</u>	<u>323,017</u>
Total expenses	<u>\$ 720,452</u>	<u>\$ 1,066,607</u>	<u>\$ 94,684</u>	<u>\$ 66,864</u>	<u>\$ 1,948,607</u>	<u>\$ 242,344</u>	<u>\$ 254,838</u>	<u>\$ 497,182</u>	<u>\$ 2,445,789</u>

The accompanying notes are an integral part of these financial statements

**PARENTS HELPING PARENTS, INC.**  
**Statements of Cash Flows**

	For the Year Ended	
	June 30,	
	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 29,006	\$ 789,709
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	14,242	10,237
In-kind rent contribution	-	(899,279)
Change in present value discount of in-kind rent receivable	(32,406)	64,685
In-kind rent expense	299,943	323,017
Realized and unrealized gains on investments	(4,060)	(5,407)
Loss on disposal of assets	-	50
Donated property and equipment	(69,800)	-
Changes in operating assets and liabilities:		
Grants and accounts receivable	24,602	(39,143)
Pledges receivable	44,256	463
Prepaid expenses	153	5,099
Deposits	1,227	-
Accounts payable and accrued expenses	(27,763)	19,409
Net cash provided by operating activities	279,400	268,840
Cash flows from investing activities:		
Proceeds from sale of investments	4,341	-
Purchases of investments	(5,675)	(4,555)
Net cash used by investing activities	(1,334)	(4,555)
Cash flows from financing activities:		
Payments on capital lease obligations	(5,147)	(4,980)
Net cash used by financing activities	(5,147)	(4,980)
Increase in cash and cash equivalents	272,919	259,305
Cash and cash equivalents, beginning of year	549,408	290,103
Cash and cash equivalents, end of year	\$ 822,327	\$ 549,408
<u>Supplemental disclosure of cash flow information</u>		
Cash paid during the year for interest	\$ 162	\$ 391
<u>Supplemental disclosure of non-cash transactions</u>		
In-kind rent received	\$ 299,943	\$ 323,017
In-kind rent contribution	\$ -	\$ 899,279

The accompanying notes are an integral part of these financial statements

# **PARENTS HELPING PARENTS, INC.**

## **Notes to Financial Statements**

June 30, 2019

### **Note 1 - Organization and programs:**

#### **Description of organization**

Parents Helping Parents, Inc. (the “Organization”) is a nonprofit public benefit corporation incorporated in March of 1980. The Organization has been helping families of children with special needs since 1976. Its mission is to help children and adults with special needs receive support and services they need to reach their full potential by providing information, training, and resources to build strong families and improve systems of care. In fiscal year 2018-19 Parents Helping Parents provided nearly 20,000 services to over 5,800 families and professionals to help change the course of their children’s lives. The Organization has been classified as a publicly supported, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is exempt from California franchise taxes under Revenue and Taxation Code Section 23701(d). The Organization is supported primarily through contributions, grants and fees.

#### **Operating programs**

Community and family services - Relates to expenses of the Organization to provide information and resources to parents having children with special needs and to the professionals who serve them.

Education of public and professionals - Includes expenses incurred by the Organization to provide a wide range of services to help parents better understand, support, and advocate for their children in special education programs.

Assistive technology services - Represents program expenses relating to the Organization’s iTECH center, which offers parents and professionals trainings as well as an opportunity to gain hands-on experience with assistive devices and instructional software, before making a decision on which ones best suit their needs.

E-learning - Represents program expenses relating to the Organization’s group of educational videos, which offers quick and easy information covering topics like special education basics, requesting an assessment from your school district, Individualized Education Program (“IEP”) meeting preparation, and assistive technology. We also have videos on public benefits.

#### **Supporting services**

Management and general - Includes direct business management salaries, related expenses and indirect allocations of other expenses identified which include a component of general administration.

Development - Includes expenses relating to the Organization’s fundraising efforts to continue to provide the structure necessary to encourage and secure public financial report.

## **PARENTS HELPING PARENTS, INC.**

### **Notes to Financial Statements**

June 30, 2019

#### **Note 2 - Summary of significant accounting policies:**

Basis of accounting - The financial statements have been prepared on the accrual basis of accounting which recognizes revenue and support when earned and expenses when incurred and accordingly reflect all significant receivables, payables and other liabilities.

Basis of presentation - The Organization presents information regarding its financial position and activities according to two classes of net assets:

- *Without donor restrictions* - the portion of net assets which are available to support all activities of the Organization without restrictions and include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation.
- *With donor restrictions* - the portion of net assets which are subject to donor-imposed restrictions that will be met rather by actions of the Organization or the passage of time.

Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these financial statements include the useful lives of property and equipment and the allocation of expenses by function. Actual results could differ from these estimates.

Revenue recognition - Contributed support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other contributed support is recognized as revenue when received or un-conditionally promised. The Organization reports gifts of cash and other assets as restricted support if such gifts are received with donor stipulations that limit the use of the donated assets. When such restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, restricted net assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Promises to give, that are expected to be collected in future years, are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts, if any, is included in contribution revenue. Conditional promises to give, if any, are not included as support until the conditions are substantially met.

Grant and contract revenues are recognized on a monthly basis as the Organization provides services to federal, state, local and other non-profit organizations. The revenue is recognized by providing the entity's with an invoice detailing services performed.

# **PARENTS HELPING PARENTS, INC.**

## **Notes to Financial Statements**

June 30, 2019

### **Note 2 - Summary of significant accounting policies (continued):**

In-kind contributions - Significant donated equipment, facility and other goods are recorded at estimated fair value at the date of receipt. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at their estimated fair market value at the time the services are rendered. In addition, a substantial number of volunteers have contributed significant amounts of time in promoting the Organization's programs. The value of contributed volunteer services has not been recognized in the accompanying financial statements because such volunteer services do not require specialized skills.

Functional expense allocations - The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets. Certain costs are allocated between programmatic and support services based on estimates of time, space, or other factors. Salaries and fringe benefits are allocated on a percentage basis between functional categories based on job description or time estimates. Salary allocation percentages are also used to allocate certain indirect costs, including but not limited to facilities expenses, office supplies and equipment, information technology expenses and depreciation.

Cash and cash equivalents - Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of their acquisition date.

Investments - All investments are valued in accordance with Generally Accepted Accounting Principles ("GAAP"), including Fair Value Measurements. The Organization invests primarily in mutual funds. All mutual funds are carried at quoted market prices as of the last trading date of the Organization's fiscal year. The Organization's Board of Directors has established an investment policy. Contributions of investments are recorded at estimated fair value at the date of donation. Unrealized gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains and losses resulting from the sales or maturities are the differences between the investment's cost basis and the sale or maturity settlement of the investment. Dividend and interest income are accrued when earned. The Organization may have risk associated with its concentration of investments in one geographic region and in certain industries.

Grants and accounts receivables - Grants receivable consist of amounts that have been invoiced by the Organization to other federal and non-profit organizations that have not been collected at year-end. All grants are expected to be received within the next 12 months. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. There were no conditional grants at June 30, 2019 and 2018.

## **PARENTS HELPING PARENTS, INC.**

### **Notes to Financial Statements**

June 30, 2019

#### **Note 2 - Summary of significant accounting policies (continued):**

Pledges receivable and allowance for doubtful accounts - Pledges receivable consist of receivables relating to annual fundraising campaigns to support the major programs of the Organization. Pledges receivable are carried at pledge amounts less an estimate made for doubtful receivables. The Organization uses the allowance method to determine uncollectible trade receivables. The allowance is based on prior years' experience and management's analysis of specific receivables. The financial statements reflect these receivables net of the allowance reserve. When an account is determined uncollectible, it is deducted from the accounts receivable and charged to expense. The allowance for doubtful accounts as of June 30, 2019 and 2018 was approximately \$1,000.

Unconditional promises to give are promises that depend only on the passage of time or the demand by the promisor for performance. Unconditional promises to give, which are not expected to be collected until after the year contributed, are reflected in the accompanying financial statements as pledges receivable and revenue in the appropriate net asset category. A conditional promise to give is a promise that depends on the occurrence of a specified future and uncertain event to bind the promisor. Conditional promises to give are not included as support until the conditions are substantially met. There was one conditional promise to give at year ended June 30, 2019 of \$50,000 and there was no conditional promises to give at year ended June 30, 2018.

Fair value of financial instruments - Financial instruments included in the Organization's Statement of Financial Position as of June 30, 2019 and 2018 include cash and cash equivalents, receivables, investments, accounts payable and accrued expenses, and investments. The carrying amounts of cash and cash equivalents, receivables, accounts payable and accrued expenses approximate their fair values due to their short maturities. The fair values of the Organization's line of credit is based on the borrowing rates currently available to the Organization for debt with similar terms and average maturities and, accordingly, approximate their carrying value. Investments are reflected in the accompanying statement of financial position at their estimated fair values using methodologies described above.

Prepaid expenses - Prepaid expenses and other assets include payments for lease deposits, contracts and program related activities.

In-kind receivables - The portion of receivables expected to be collected during a period extending beyond one year is classified as a non-current receivable and is discounted to reflect the current value of the amount to be received. The Organization received an in-kind donation of office rent for the period extending from June 30, 2018 to 2021. The estimated fair value of in-kind office rent, which will be realized beyond June 30, 2019 has been classified as a long-term in-kind receivable (see Note 5).

## **PARENTS HELPING PARENTS, INC.**

### **Notes to Financial Statements**

June 30, 2019

#### **Note 2 - Summary of significant accounting policies (continued):**

Property and equipment - Property and equipment are stated at cost less accumulated depreciation and amortization. Acquisitions of items in excess of \$1,000 are capitalized. Significant donated items are recorded at estimated fair value at the date of receipt. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of land, buildings and equipment are recorded as support without restrictions. Major repairs and replacements, which extend the useful lives of equipment, are capitalized and depreciated over the estimated remaining useful lives of the property. All other maintenance and repairs are expensed as incurred.

Depreciation and amortization - Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty years. Leasehold improvements are amortized using the straight-line method over the lesser of the assets' estimated useful lives or the term of the applicable lease. Property under capital leases is amortized over the lives of the respective leases or the estimated useful lives of the assets, whichever is shorter.

Federal awards - Federal awards consist of funds received from the federal government for specific education, technology, community and family services projects. Substantially all of the Organization's federal award revenue is derived from cost reimbursement grants, which are billed to the grantor after costs have been incurred. Federal award revenue and unbilled federal awards are recognized to the extent the related costs are incurred.

Federal awards are subject to review and audit by the grantor agencies in accordance with the Single Audit Act and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Although such audits could result in expenditure disallowances under terms of the grants, the Organization is not currently under audit from any grantor agency.

Concentration of credit risk - Financial instruments that potentially subject the Organization to credit risk consist primarily of uninsured cash and cash equivalents, grants and accounts receivables and investments. The Organization maintains cash and cash equivalents with commercial banks and other major financial institutions. Cash equivalents include overnight investments, and money market funds. These accounts are insured up to \$250,000 per depositor by an agency of the federal government. At times, such amounts may exceed Federal Deposit Insurance Corporation ("FDIC") limits.

The credit risk associated with receivables is mitigated by the fact that the receivables are generally related to government grants and contracts that have already been earmarked for the Organization. Additionally, any receivables that are expected to be collected after one year have been discounted and are reflected in the financial statements at their net present value. The Organization's investments have been placed with high quality financial institutions. The Organization monitors these investments and has not experienced significant credit losses. It is the Organization's opinion that it is not exposed to any significant credit risks.

# **PARENTS HELPING PARENTS, INC.**

## **Notes to Financial Statements**

June 30, 2019

### **Note 2 - Summary of significant accounting policies (continued):**

Revenue concentration - During the years ended June 30, 2019 and 2018, the Organization's one major revenue source, was the U.S. Department of Education, which accounted for 41% and 27%, respectively, of the total revenue. The U.S. Department of Education provided three separate grants to the Organization that make up the total concentration, see page 27 for details.

Receivable concentration - During the year ended June 30, 2019 and 2018, four donors comprised of approximately 87% and 81%, respectively, of the Organization's total grants and accounts receivable.

Reclassification - Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Accounting for uncertainty in income taxes - The Organization evaluates its uncertain tax positions and will recognize a loss contingency when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonable estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position for all uncertain tax positions in the aggregate could differ from the amount recognized. Management did not identify any uncertain tax positions as of June 30, 2019 and 2018.

Recently adopted accounting principles - During the year ended June 30, 2018, the Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standard Update ("ASU") No. 2016-14 "Not-for-Profit Entities: Presentation of Financial Statements for Not-for-Profit Entities." The ASU is intended to improve the net asset classification requirements and the information presented in the financial statements and footnotes about not-for-profit liquidity, financial performance, and cash flows. The Organization has adopted the provisions of ASU 2016-14 and has retrospectively applied this standard, which is reflected in the comparative totals for the year ending June 30, 2019.

A summary of the net asset reclassifications driven by the adoption of ASU 2016-14 as of June 30, 2018 is as follows:

	ASU 2016-14 classifications		
	Without donor restrictions	With donor restrictions	Total net assets
Net asset classifications			
As previously presented:			
Unrestricted	\$ 517,996	\$ -	\$ 517,996
Temporarily restricted	-	1,160,377	1,160,377
Net assets previously presented	\$ 517,996	\$ 1,160,377	\$ 1,678,373

# **PARENTS HELPING PARENTS, INC.**

## **Notes to Financial Statements**

June 30, 2019

### **Note 2 - Summary of significant accounting policies (continued):**

Recent accounting pronouncements - In June 2018, the FASB issued ASU No. 2018-08 “Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.” The new standard provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction based on whether a resource provider is receiving value in return for the resources transferred. The ASU provides additional guidance to help determine whether a contribution is conditional and better distinguish a donor-imposed condition from a donor-imposed restriction. The effective date of this amendment is for fiscal years beginning after December 15, 2018. Early application is permitted. The Organization has not determined the impact of this pronouncement.

In February 2016, the FASB ASU No. 2016-02 “Leases.” The ASU is intended to increase transparency and comparability between organizations recognizing lease assets and liabilities by recognizing lease assets and lease liabilities on the balance sheet and increasing the related disclosures. For non-public entities, the effective date will be effective for annual reporting periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. Early application is permitted. The Organization has not determined the impact of this pronouncement.

In August 2018, FASB issued ASU 2018-13, “Fair Value Measurements”: Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurements. This ASU modifies the disclosure requirements for fair value measurements. Those modifications include the removal and addition of disclosure requirements as well as clarifying specific disclosure requirements. The ASU is effective for fiscal years beginning after December 15, 2019. Certain provisions of the ASU will be applied prospectively while the rest of the provisions will be applied retrospectively. The Organization’s management has not yet determined the impact of this pronouncement.

Subsequent events - Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were available to be issued and it has been determined that no material subsequent events that require an estimate to be recorded or disclosed as of June 30, 2019.

**PARENTS HELPING PARENTS, INC.**

**Notes to Financial Statements**

June 30, 2019

**Note 3 – Liquidity and availability of funds:**

The Organization’s 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, are as follows:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 822,327	\$ 549,408
Investments	154,251	148,857
Grants and accounts receivable	142,866	167,468
Pledges receivable	<u>3,392</u>	<u>47,648</u>
Total financial assets	1,122,836	913,381
Less amounts unavailable for general expenditures within one year, due to:		
Board designations	25,321	28,625
Net assets with donor restrictions	<u>445,724</u>	<u>325,783</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 651,791</u>	<u>\$ 558,973</u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Included in cash and cash equivalents are board designated net assets of \$25,321 and \$28,625, respectively, for the years ended June 30, 2019 and 2018. Although the Organization does not intend to spend from its board designated funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board designated net assets could be made available if necessary.

**PARENTS HELPING PARENTS, INC.**

**Notes to Financial Statements**

June 30, 2019

**Note 4 - Investments:**

The Organization follows the provisions of the Fair Value Measurements and Disclosure topic of the FASB Accounting Standards Codification. These standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. At June 30, 2019 and 2018, the Organization was invested in Level 1 investments and had no investment in Level 2 and Level 3 investments. The Organization's investments were measured using quoted prices in active markets for identical assets (Level 1). At June 30, 2019 and 2018, the Organization's investments were recorded in Large Blend Mutual Funds.

**Note 5 - In-kind rent receivable - use of facility:**

On May 31, 2018, the Organization's lease agreement with another charitable organization expired. On June 1, 2018 the Organization entered into a new three-year lease with the same charitable organization for the use of an office space to conduct operations for \$1 per month. The receivable for the contributed use of the office space reflects the fair value for three-years. The Organization has recognized in-kind contribution revenue and an in-kind receivable for the present value of the promise with the annual maturity recognized as rent expense. The receivable was recorded after discounting the future cash flows using a discount rate of 4%. The total facility rent expense was \$299,943 and \$323,017 for the years ended June 30, 2019 and 2018, respectively. The lease agreement ends in 2021 and the remaining rent receivable will be recognized through 2021 as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 299,943
2021	274,948
Total in-kind receivable	<u>574,891</u>
Less: discount for present value of future rent receivable	<u>(32,279)</u>
In-kind receivable, net	542,612
Less: current portion, net	<u>(299,943)</u>
Non-current portion, net	<u>\$ 242,669</u>

**PARENTS HELPING PARENTS, INC.**

**Notes to Financial Statements**

June 30, 2019

**Note 6 - Property and equipment, net:**

Property and equipment, including equipment under capital leases, consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Leasehold improvements	\$ 156,817	\$ 156,817
Equipment	115,902	65,949
Furniture and fixtures	<u>700</u>	<u>700</u>
Total property and equipment	273,419	223,466
Less: accumulated depreciation and amortization	<u>(105,903)</u>	<u>(111,508)</u>
Property and equipment, net	<u>\$ 167,516</u>	<u>\$ 111,958</u>

Depreciation and amortization expense was \$14,242 and \$10,237 for the years ended June 30, 2019 and 2018, respectively.

**Note 7 - Capital lease obligations:**

In September 2014, the Organization entered into a capital lease agreement for equipment with a cost of \$24,300 and related accumulated depreciation of \$23,490. The lease, expiring in 2020, requires aggregate monthly payments of \$440 and bears 3.4 % interest per annum.

At June 30, 2019, the present values of future minimum payments under the agreements were as follows:

Year Ending June 30,	<u>Amount</u>
<u>2020</u>	<u>\$ 1,321</u>
Total payment	1,321
Less amounts representing interest	<u>(9)</u>
Present value of minimum lease payments	1,312
Less portion due within one year	<u>(1,312)</u>
Portion due after one year	<u>\$ -</u>

**PARENTS HELPING PARENTS, INC.**

**Notes to Financial Statements**

June 30, 2019

**Note 8 - Net assets with donor restrictions:**

The net assets with donor restrictions activities for the year ended June 30, 2019 were as follows:

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2019</u>
Subject to expenditure through passage of time:				
In-kind rent receivable	\$ 834,594	\$ 32,406	\$ (324,388)	\$ 542,612
Future year donor pledges	-	4,392	-	4,392
Total time restrictions	<u>834,594</u>	<u>36,798</u>	<u>(324,388)</u>	<u>547,004</u>
Subject to expenditure for a specific purpose:				
Grants and contributions for projects	225,783	411,628	(296,079)	341,332
Volunteer support	100,000	-	-	100,000
Total purpose restrictions	<u>325,783</u>	<u>411,628</u>	<u>(296,079)</u>	<u>441,332</u>
Total net assets with donor restriction	<u>\$ 1,160,377</u>	<u>\$ 448,426</u>	<u>\$ (620,467)</u>	<u>\$ 988,336</u>

The net assets with donor restrictions activities for the year ended June 30, 2018 were as follows:

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2018</u>
Subject to expenditure through passage of time:				
In-kind rent receivable	\$ 298,572	\$ 834,594	\$ (298,572)	\$ 834,594
Subject to expenditure for a specific purpose:				
Grants and contributions for projects	77,111	225,783	(77,111)	225,783
Volunteer support	100,000	-	-	100,000
Total purpose restrictions	<u>177,111</u>	<u>225,783</u>	<u>(77,111)</u>	<u>325,783</u>
Total net assets with donor restriction	<u>\$ 475,683</u>	<u>\$ 1,060,377</u>	<u>\$ (375,683)</u>	<u>\$ 1,160,377</u>

## **PARENTS HELPING PARENTS, INC.**

### **Notes to Financial Statements**

June 30, 2019

#### **Note 9 - Contingency:**

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of the organization to the provisions of the grants. The Organization's management is not aware of any non-compliance with grant terms of all grants.

#### **Note 10 - Retirement plan:**

The Organization participates in a defined contribution plan (the "Plan") under Section 401(k) of the Internal Revenue Code. The Plan is for the benefit of all eligible employees of the Organization who qualify under the participation requirements. The Plan also allows for an employer matching contribution. No employer contributions were made during the years ended June 30, 2019 and 2018.

#### **Note 11 - Related-party transactions:**

The members of the Board of Directors of the Organization are active in oversight of fundraising events, activities, and in making private contributions. Contributions received from the Board of Directors or from companies with which the Board of Directors are affiliated, were approximately \$32,000 and \$18,500 for the years ended June 30, 2019 and 2018.

**SUPPLEMENTARY INFORMATION**



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

To the Board of Directors of  
Parents Helping Parents, Inc.  
San Jose, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Parents Helping Parents, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2019.

**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 opinion 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITORS' 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 (CONTINUED)

To the Board of Directors of  
Parents Helping Parents, Inc.  
San Jose, California

**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 or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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



San Jose, California  
December 16, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE

To the Board of Directors of  
Parents Helping Parents, Inc.  
San Jose, California

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

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

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 we 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 the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE (CONTINUED)

To the Board of Directors of  
Parents Helping Parents, Inc.  
San Jose, California

**Opinion on Each Major Federal Program**

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

**Report on Internal Control over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control 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, we do not express an opinion on the effectiveness of the Organization'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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE (CONTINUED)

To the Board of Directors of  
Parents Helping Parents, Inc.  
San Jose, California

**Report on Internal Control over Compliance (Continued)**

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

*Robert Lee & Associates, LLP*

San Jose, California  
December 16, 2019

**PARENTS HELPING PARENTS, INC.**

**Single Audit Reports**

**Schedule of Expenditures of Federal Awards**

For the Year Ended June 30, 2019

<b>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA number</b>	<b>Grant identifying number</b>	<b>Federal Program Expenditures</b>	<b>Passed through to subrecipients</b>
<b><u>EXPENDITURES OF FEDERAL AWARDS:</u></b>				
<b>U.S. Department of Education:</b>				
Special Education - Parent Training and Information Center *	84.328M	H328M150030	\$ 518,704	\$ 283,522
Total Parent Training and Information Center			<u>518,704</u>	<u>283,522</u>
Early Intervention Services (IDEA) Passed-through Programs from California Department of Developmental Services:				
Special Education - Grant for Infants and Families	84.181	H181A140037	<u>181,300</u>	<u>-</u>
Total Early Intervention Services			<u>181,300</u>	<u>-</u>
Special Education (IDEA) Cluster: Passed through the California Department of Education:				
Special Education - Grants to States	84.027A	H027A150116	<u>202,584</u>	<u>-</u>
Total Special Education Cluster			<u>202,584</u>	<u>-</u>
<b>Total U.S. Department of Education</b>			<b><u>902,588</u></b>	<b><u>283,522</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 902,588</u></b>	<b><u>\$ 283,522</u></b>

\* Denotes a major program

**PARENTS HELPING PARENTS, INC.**  
**Single Audit Reports**  
**Notes to the Schedule of Expenditures and Federal Awards**  
Year Ended June 30, 2019

**Note 1 - Organization and operations:**

**Description of Organization**

Parents Helping Parents, Inc. (the “Organization”) is a nonprofit public benefit corporation incorporated in March of 1980. The Organization has been helping families of children with special needs since 1976. Its mission is to help children and adults with special needs receive support and services they need to reach their full potential by providing information, training, and resources to build strong families and improve systems of care. In fiscal year 2018-19 Parents Helping Parents provided nearly 20,000 services to over 5,800 families and professionals to help change the course of their children’s lives. The Organization is supported primarily through contributions, grants and fees.

The Organization has received a determination letter from the Internal Revenue Service that it is exempt from federal taxation under Section 501(c) (3) of the U.S. Internal Revenue Code. The Organization is exempt from California franchise taxes under Revenue and Taxation Code Section 23701(d).

**Note 2 - Summary of significant accounting policies:**

Basis of accounting - Expenditures in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, OMB Circular A-122 *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Organization has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The information in the accompanying Schedule of Expenditures of Federal Awards (“SEFA”) includes the federal grant and loan activity of the Organization under programs of the federal government for the year ending June 30, 2019. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the financial statements.

**PARENTS HELPING PARENTS, INC.**

**Single Audit Reports**

**Schedule of Findings and Questioned Costs**

Year Ended June 30, 2019

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unmodified opinion on the financial statements of Parents Helping Parents, Inc.
2. No significant deficiencies relating to the audit of the financial statements are reported in the basic financial statements.
3. No instances of noncompliance material to the financial statements of the Organization were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the financial statements.
5. The auditors' report on compliance for the major federal award programs for the Organization expresses an unmodified opinion.
6. Audit findings relative to the major federal award programs for the Organization is reported in Part C of this Schedule below.
7. The programs tested as major programs include:

<u>Major Program</u>	<u>CFDA</u>	<u>Expenditures</u>
Special Education - Parent Training and Information Center	84.328M	\$ <u>518,704</u>
Total Major Program Expenditures		<u>518,704</u>
Total Federal Award Expenditures		\$ <u>902,588</u>
Percent of Total Federal Award Expenditures		<u>57%</u>

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Organization was determined to be a low risk auditee.

**PARENTS HELPING PARENTS, INC.**  
**Single Audit Reports**  
**Schedule of Findings and Questioned Costs (continued)**  
Year Ended June 30, 2019

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**Current Year Findings**

No financial statements audit findings noted in the current year.

**Prior Year Findings**

No financial statements audit findings noted in the prior year.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM  
AUDIT**

**Current Year Findings**

There are no current year findings that were considered material instances of noncompliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

**Prior Year Findings**

There are no prior year findings that were considered material instances of noncompliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.