

MOVE STANISLAUS TRANSPORTATION, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2023**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor’s Report	1
Financial Statements:	
Statement of Financial Position.....	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows.....	7
Notes to Financial Statements.....	8
Supplementary Information:	
Combining Schedule of Functional Expenses	14
Schedule and Status of Measure L Cash	15
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance with the Transportation Development Act and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> and the <i>Measure L Program</i>	16

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
MOVE Stanislaus Transportation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of MOVE Stanislaus Transportation, Inc. (the Organization), a nonprofit organization, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 10 to the financial statements, in 2023, the Organization adopted new accounting guidance FASB ASU 2016-02, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Combining Schedule of Functional Expenses and Schedule and Status of Measure L Cash on pages 14 and 15 are presented for purposes of additional analysis and are 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 Combining Schedule of Functional Expenses and Schedule and Status of Measure L Cash are 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 January 17, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's 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.

HENDERSON CPAs, INC.

A handwritten signature in black ink that reads "Henderson CPAs". The letters are cursive and somewhat stylized, with the "H" and "C" being particularly prominent.

Fresno, California
January 17, 2024

MOVE STANISLAUS TRANSPORTATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

Current Assets	
Cash and cash equivalents	\$ 695,377
Prepaid expenses	54,498
	<hr/>
Total current assets	749,875
Property and Equipment, net	123,072
Deposits	9,500
Operating Right-to-Use Asset, net	207,915
	<hr/>
Total Assets	<u>\$ 1,090,362</u>

LIABILITIES AND NET ASSETS

Liabilities	
Current Liabilities	
Accounts payable and accrued expenses	\$ 147,664
Accrued retirement and vacation	28,984
Unearned revenue	437,110
Lease liability, current portion	14,859
	<hr/>
Total current liabilities	628,617
	<hr/>
Long-Term Liabilities	
Lease liability, long-term portion	197,223
	<hr/>
Total long-term liabilities	197,223
	<hr/>
Total liabilities	825,840
	<hr/>
Net Assets	
With donor restrictions	-
Without donor restrictions	264,522
	<hr/>
Total net assets	264,522
	<hr/>
Total Liabilities and Net Assets	<u>\$ 1,090,362</u>

The accompanying notes are an integral part of the financial statements.

MOVE STANISLAUS TRANSPORTATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Grants and contracts	\$ 1,154,711	\$ 756,806	\$ 1,911,517
Other fees and reimbursements	1,480	-	1,480
Net assets released from restrictions:			
Satisfaction of grant requirements	756,806	(756,806)	-
Total Support and Revenues	<u>1,912,997</u>	<u>-</u>	<u>1,912,997</u>
EXPENSES			
Program services	1,181,416	-	1,181,416
Management and general	861,348	-	861,348
Total Expenses	<u>2,042,764</u>	<u>-</u>	<u>2,042,764</u>
Change in Net Assets	(129,767)	-	(129,767)
Net Assets at Beginning of Year	<u>394,289</u>	<u>-</u>	<u>394,289</u>
Net Assets at End of Year	<u>\$ 264,522</u>	<u>\$ -</u>	<u>\$ 264,522</u>

The accompanying notes are an integral part of the financial statements.

MOVE STANISLAUS TRANSPORTATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Total
Salaries	\$ 401,584	\$ 353,806	\$ 755,390
Payroll taxes and fringe benefits	160,641	130,269	290,910
Rent	41,333	39,457	80,790
Program expenses	452,538	3,285	455,823
Marketing	65	8,523	8,588
Depreciation	-	28,410	28,410
Legal and professional services	6,419	285,626	292,045
Telephone	9,015	4,012	13,027
Travel	-	615	615
Auto	1,841	-	1,841
Mileage	5,559	1,308	6,867
Employee development	-	3,094	3,094
Office/computer supplies	25,066	24,780	49,846
Internet	3,571	1,384	4,955
Business insurance	9,048	11,274	20,322
Equipment/software maintenance	-	20,279	20,279
Translation services	1,280	-	1,280
Postage and delivery	3,338	3,466	6,804
Licenses and taxes	25	1,853	1,878
Subtotal	1,121,323	921,441	2,042,764
Intercompany eliminations	60,093	(60,093)	-
Total Expenses	<u>\$ 1,181,416</u>	<u>\$ 861,348</u>	<u>\$ 2,042,764</u>

The accompanying notes are an integral part of the financial statements.

MOVE STANISLAUS TRANSPORTATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities

Change in net assets	\$ (129,767)
Adjustments to reconcile the change in net assets to net cash used by operating activities:	
Depreciation	28,410
Changes in operating assets and liabilities:	
Accounts receivable	6,235
Prepaid expenses	(9,414)
Deposits	(9,500)
Operating lease right-to-use asset	(207,915)
Accounts payable and accrued expenses	105,235
Accrued retirement and vacation	(21,565)
Unearned revenue	(367,090)
Lease liability	212,082
	212,082
Net cash used by operating activities	(393,289)

Cash Flows from Investing Activities

Purchase of property and equipment	(51,585)
	(51,585)
Net cash used by investing activities	(51,585)
Net decrease in cash and cash equivalents	(444,874)

Cash and Cash Equivalents, Beginning of Year

1,140,251

Cash and Cash Equivalents, End of Year

\$ 695,377

Supplemental Cash Flows Disclosures

Noncash investing activities:

Acquisition of operating lease right-to-use assets via lease liability	\$ 217,595
	217,595

The accompanying notes are an integral part of the financial statements.

MOVE STANISLAUS TRANSPORTATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities: In 1979, California law established the concept of regional Consolidated Transportation Services Agencies (CTSA) in an effort to improve the coordination of various programs and funding sources that serve the transportation needs of older adults, people with disabilities, and low-income populations. The Stanislaus Council of Governments (StanCOG) designated MOVE Stanislaus Transportation, Inc. (MOVE) as the CTSA for Stanislaus County. MOVE (the Organization) has been in operation since October 18, 2017. MOVE (the Organization) is staffed by ten employees and is funded by a combination of Local Transportation Funds (LTF), various competitive Federal Transportation Administration (FTA) grants and Measure L support.

The Organization is a nonprofit organization dedicated to connecting the residents of Stanislaus County with transportation options to improve access to their community. The Organization empowers people to improve their lives by finding the most appropriate mode of transportation based on their needs by offering a variety of programs to fit the diverse needs of their clients.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Update (ASU) 2016-14, Topic 958, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. Under ASU 2016-14, Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are the portion of net assets over which the governing board has discretionary control for the general operations of the Organization. The only limits on net assets without donor restrictions are limits resulting from contractual agreements.

Net assets with donor restrictions are the portion of net assets resulting from contributions, pledges, and other inflows of assets whose use by the Organization is limited by donor-imposed restrictions that expire by the passage of time or usage, and the portion of net assets restricted by external parties (donors, grantors, or laws and regulations) in ways that are not dependent on the passage of time.

Method of Accounting: The Organization uses the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents: For purposes of reporting the Statement of Cash Flows, the Organization considers all cash accounts and all highly liquid debt instruments purchased with an original maturity of three (3) months or less to be cash equivalents. Certificates of deposit with original maturity dates of greater than three (3) months are classified as investments.

Accounts Receivable: The Organization estimates the allowance for doubtful accounts based on an analysis of specific donors and clients, taking into consideration the age of past due amounts and an assessment of the donor's ability to pay. At June 30, 2023, management considered all accounts to be fully collectible and, therefore, no allowance was recorded in the accompanying financial statements. Total receivables expensed to bad debt during the year ended June 30, 2023 was \$0.

Property and Equipment: Property and equipment are stated at cost, less accumulated depreciation. Depreciation is computed by using the straight-line method depreciated over the estimated useful life of the asset. Leasehold improvements are depreciated using the straight-line method over the lesser of the estimated useful life of the asset or the related lease term. Major replacements and improvements, in excess of \$5,000, or per management's discretion as determined to have a useful life, are capitalized at cost. Maintenance, repairs, and minor replacements are expensed when incurred.

MOVE STANISLAUS TRANSPORTATION, INC.
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment (continued):

Estimated useful lives vary within the following ranges:

	<u>Years</u>
Office furniture	7
Computer equipment and software	5
Vehicles	5-10

Furniture, equipment, and vehicles acquired with specific grant funds are considered to be owned by the Organization while used in the program; however, these specific funding agencies have a reversionary interest in all such property. Such equipment is shown as Contributed Capital. Accordingly, further use or disposition thereof, as well as utilization of any proceeds from disposition, is subject to applicable regulations as provided for by law or by the specific funding agency's contract.

Operating Lease Right-to-Use Asset: The Organization has recorded operating lease right-to-use lease assets as a result of implementing FASB ASU 2016-02, *Leases*. The operating right-to-use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The operating lease right-to-use asset is an intangible capital asset and is amortized on a straight-line basis over the life of the related lease.

Compensated Absences: The Organization recognizes compensated absences as a liability. As of June 30, 2023, the accrued vacation balance was \$21,090, which is recorded within the accrued retirement and vacation liability on the Statement of Financial Position. Sick leave is not vested and, therefore, is not accrued.

Unearned Revenue: Unearned revenue includes unearned grant revenues and advanced grant funding. Both represent monies received by the Organization, but not yet spent, or earned in accordance with the grant agreements.

Lease Liability: The Organization's lease liability is measured at the present value of payments expected to be made by the Organization during the lease term. As lease payments are made, the Organization will reduce the liability and recognize lease expense.

Support and Revenue: The Organization receives grant support primarily through federal, state, and local agencies. Support received from those grants is recognized when earned under the terms and conditions of the award, generally when the related grant expenditure is incurred.

The Organization follows the guidance of FASB ASU 2018-18, Not-for-Profit Entities (Topic 958) – *Clarifying the scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope and the accounting guidance for contributions received and contributions made, whether as a contribution or an exchange transaction, and whether a contribution is conditional. The Organization classifies contributions in accordance with this ASU in the Statement of Activities.

MOVE STANISLAUS TRANSPORTATION, INC.
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support and Revenue (continued): In May 2014, FASB issued ASU No. 2014-09 (Topic 606), *Revenue from Contracts with Customers*. This update was to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and IFRS and to establish the principles to report useful information to users of the financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The Organization classifies revenues from contracts with customers this ASU in the Statement of Activities.

In-Kind Contributions: Contributions of donated non-cash assets are recorded at their fair values in the period in which they were received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Exchange Transactions: Revenues earned from contracts, grants, and membership fees are considered to be exchange transactions. Revenues from exchange transactions are reported gross of any related expense in the accompanying financial statements.

Income Taxes: The Organization is a tax-exempt status Organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Corporate Code. The Organization is subject to taxation on any unrelated business income.

Allocation of Expenses: The Organization charges all direct expenses to the appropriate grants as specified in the corresponding grant contract. The costs of providing various programs and activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value of Financial Instruments: Financial instruments include cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable and accrued expenses, accrued retirement and vacation and unearned revenue, none of which are held for trading purposes. The fair values of all financial instruments do not differ materially from the aggregate carrying values of the financial instruments recorded in the accompanying Statement of Financial Position. The carrying amounts of these financial instruments approximate fair value because of the short-term maturities of those instruments.

Concentrations of Credit Risk: The Organization maintains cash balances in one financial institution. Cash balances in interest-bearing transaction accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per institution. As of June 30, 2023, the Organization had \$474,138 held with the financial institution that were uninsured. Management considers this a normal business risk and has not experienced any losses in such accounts.

Subsequent Events: In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in these basic financial statements. Management has determined the event as disclosed in Note 11 require disclosure in accordance with accounting standards. These subsequent events have been evaluated through January 17, 2024, which is the date the financial statements were available to be issued.

MOVE STANISLAUS TRANSPORTATION, INC.
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 2 – AVAILABILITY OF FINANCIAL ASSETS

The Organization’s financial assets available within one year of the Statement of Financial Position date for general expenditures are as follows:

	Amount
Cash and cash equivalents	\$ 695,377
Total financial assets available for general expenditures within one year	\$ 695,377

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended June 30, 2023 consisted of the following:

	Balances July 01, 2022	Additions	Deletions and Adjustments	Balances June 30, 2023
Computer equipment and software	\$ 57,836	\$ -	\$ (4,582)	\$ 53,254
Office Furniture	14,519	51,585	-	66,104
Vehicles	88,768	-	-	88,768
Property and Equipment, Gross	161,123	51,585	(4,582)	208,126
Less: Accumulated Depreciation	(61,226)	(28,410)	4,582	(85,054)
Property and Equipment, Net	\$ 99,897	\$ 23,175	\$ -	\$ 123,072

Depreciation expense for the year ended June 30, 2023, was \$28,410.

NOTE 4 – OPERATING LEASE RIGHT-TO-USE ASSET

The Organization recorded AN operating lease right-to-use asset. The asset IS for a right-to-use office facility. The related leases are discussed in Note 5. Operating lease right-to-use asset activity for the year ended June 30, 2023 was as follows:

	Balance July 01, 2022	Additions	Deletions and Adjustments	Balance June 30, 2023
Right-to-use Asset				
Right-to-use office facility	\$ -	\$ 217,595	\$ (9,680)	\$ 207,915
Property and Equipment, Net	\$ -	\$ 217,595	\$ (9,680)	\$ 207,915

MOVE STANISLAUS TRANSPORTATION, INC.
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 5 – LEASE LIABILITY

The Organization is liable for one operating lease agreement for the rental of its office facility. The lease agreement for the office location commenced on December 1, 2022 and expires on December 1, 2027. The monthly rental payment as of June 30, 2023 was \$9,630.25. For the year ended June 30, 2023, the total lease expense incurred was \$80,790. The Organization used the risk-free rate as the discount rate, which was 4.58% at the inception of the leases. Activity related to the lease liability is as follows for the year ended June 30, 2023:

	Balance July 01, 2022	Additions	Deletions and Adjustments	Balance June 30, 2023	Due Within One Year
Lease liability	\$ -	\$ 217,595	\$ (5,513)	\$ 212,082	\$ 14,859

Future lease payments are based on actual amounts to be paid per the lease agreements not based on discounted future cash flows. Future minimum payments under the operating agreements are as follows:

Fiscal Year Ending June 30,	Amount
2024	\$ 117,585
2025	121,113
2026	124,746
2027	117,650
2028	65,034
Total minimum lease payments	\$ 546,128

NOTE 6 – GRANT AND CONTRACT REVENUES

Grant and contract revenues consisted of the following for the year ended June 30, 2023:

	Amount	Percentage
Measure L	\$ 716,502	37.48%
TDA	1,154,711	60.41%
Measure L regional	40,304	2.11%
	\$ 1,911,517	100%

NOTE 7 – EMPLOYEE BENEFIT PLAN

The Organization sponsors a qualified retirement contribution plan (the Plan). Under the Plan, the Organization will contribute a percentage of the employees' annual salary to the Plan based on the years of continuous service. All employees are eligible for the Plan after two years of service. Employer contributions for the year ended June 30, 2023, were \$39,282, or 5.2% of salaries.

MOVE STANISLAUS TRANSPORTATION, INC.
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 8 – ECONOMIC DEPENDENCY

The Organization receives 99.92% of its support and revenue from governmental entities in the form of grants and contracts. Continued operation of the Organization is contingent upon continued availability of funds from state and municipal funding sources.

NOTE 9 – INCOME TAXES

The Organization is exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Management is unaware of any activities that would jeopardize the Organization’s tax-exempt status and is also not aware of any activities that are subject to tax on unrelated business income or excise or other tax. All required filings with tax authorities are up-to-date.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (“UBTI”). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended June 30, 2023. The Organization files tax forms in the U.S. federal jurisdiction and the State of California. The Organization will generally not be subject to examination by these agencies three and four years, respectively, after filing.

NOTE 10 – CHANGE IN ACCOUNTING PRINCIPLE

FASB ASU 2016-02, *Leases*, establishes specific criteria used to account for contracts that meet the definition of a lease. Implementation of ASU 2016-02 requires the lessee to recognize a lease liability and an intangible right-to-use asset.

ASU 2016-02 was established to enhance the relevance and consistency of information about leasing activities. As of June 30, 2023, the Organization had one lease that met the criteria of ASU 2016-02 and the Organization has implemented the standard accordingly. As of June 30, 2023, the Organization recognized an operating lease right-to-use asset of \$207,915 and a lease liability of \$212,082 for the lease in which the Organization is a lessee.

NOTE 11 – SUBSEQUENT EVENT

Effective July 1, 2023, the Organization significantly expanded its operations with the absorption of the transportation program that was previously administered by the Catholic Charities. The increase in operations will result in increased operating revenues and expenses for the Organization.

MOVE STANISLAUS TRANSPORTATION, INC.

SUPPLEMENTARY INFORMATION

MOVE STANISLAUS TRANSPORTATION, INC.
COMBINING SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	PROGRAM SERVICES										SUPPORTING SERVICES	TOTAL
	Bridges	Eligibility	LISC	Partners	PASS	Tech	Travel	VetsVan	VOGO	Total Program Services	Management and General	
						Development	Training					
Salaries	\$ 48,898	\$ 171,030	\$ -	\$ -	\$ 5,492	\$ -	\$ 96,934	\$ 76,625	\$ 2,605	\$ 401,584	\$ 353,806	\$ 755,390
Payroll taxes and fringe benefits	24,147	67,491	-	-	3,721	-	32,711	30,639	1,932	160,641	130,269	290,910
Rent	3,894	28,148	-	-	333	-	5,201	3,591	166	41,333	39,457	80,790
Program expenses	121,442	-	84	213,856	15,709	22,860	-	46,705	31,882	452,538	3,285	455,823
Marketing	-	-	-	-	-	-	-	65	-	65	8,523	8,588
Depreciation	-	-	-	-	-	-	-	-	-	-	28,410	28,410
Legal and professional services	-	6,419	-	-	-	-	-	-	-	6,419	285,626	292,045
Telephone	1,203	4,035	-	-	119	-	2,150	1,442	66	9,015	4,012	13,027
Travel	-	-	-	-	-	-	-	-	-	-	615	615
Auto	-	-	-	-	-	-	-	1,841	-	1,841	-	1,841
Mileage	45	739	-	-	314	-	4,062	355	44	5,559	1,308	6,867
Employee development	-	-	-	-	-	-	-	-	-	-	3,094	3,094
Office/computer supplies	2,762	12,314	-	-	449	-	5,676	3,608	257	25,066	24,780	49,846
Internet	456	1,544	-	-	42	-	905	596	28	3,571	1,384	4,955
Business insurance	-	-	-	-	-	-	-	9,048	-	9,048	11,274	20,322
Equipment/software maintenance	-	-	-	-	-	-	-	-	-	-	20,279	20,279
Translation Services	68	1,212	-	-	-	-	-	-	-	1,280	-	1,280
Postage and delivery	1,436	1,791	-	-	78	-	-	-	33	3,338	3,466	6,804
Licenses and taxes	-	-	-	-	-	-	-	25	-	25	1,853	1,878
Subtotal	204,351	294,723	84	213,856	26,257	22,860	147,639	174,540	37,013	1,121,323	921,441	2,042,764
Intercompany eliminations	19,624	-	-	2,500	2,476	2,140	13,353	16,340	3,660	60,093	(60,093)	-
Total Expenses	<u>\$ 223,975</u>	<u>\$ 294,723</u>	<u>\$ 84</u>	<u>\$ 216,356</u>	<u>\$ 28,733</u>	<u>\$ 25,000</u>	<u>\$ 160,992</u>	<u>\$ 190,880</u>	<u>\$ 40,673</u>	<u>\$ 1,181,416</u>	<u>\$ 861,348</u>	<u>\$ 2,042,764</u>

**MOVE STANISLAUS TRANSPORTATION, INC.
SCHEDULE AND STATUS OF MEASURE L CASH
FOR THE YEAR ENDED JUNE 30, 2023**

PROGRAM FUNDING

Funding received from StanCOG	\$ 387,741
Interest	<u>1,975</u>
Total Funding	<u>389,716</u>

EXPENDITURES

Measure L expenditures	<u>756,806</u>
Total Expenditures	<u>756,806</u>

Change In Measure L Cash Available (367,090)

Beginning Measure L Cash Balance 804,200

Ending Measure L Cash Balance \$ 437,110

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE WITH THE TRANSPORTATION DEVELOPMENT ACT AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS AND THE MEASURE L PROGRAM

To the Board of Directors
MOVE Stanislaus Transportation, Inc.

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; and certain provisions of the Measure L: Local Road First Transportation Funding Measure (the *Measure L Program*), issued by the Stanislaus Council of Governments acting as the Stanislaus County Transportation Authority, the financial statements of MOVE Stanislaus Transportation, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2023, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Organization’s financial statements and have issued our report thereon dated January 17, 2024.

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.

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, grant agreements, and the *Measure L Program*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

Our audit was further made to determine that Transportation Development Act (TDA) Funds were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6667 of the California Code of Regulations. 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*, the *Measure L Program* or the TDA.

Purpose of this Report

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

HENDERSON CPAs, INC.

A handwritten signature in black ink that reads "Henderson CPAs". The letters are cursive and somewhat stylized, with the "H" and "C" being particularly prominent.

Fresno, California
January 17, 2024