

**SHANTI PROJECT**  
**FINANCIAL STATEMENTS**  
**(With Supplementary Information)**  
**Years Ended June 30, 2020 and 2019**

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FINANCIAL STATEMENTS  
(With Supplementary Information)  
Years Ended June 30, 2020 and 2019**

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## **Noe and Company**

### **Independent Auditor's Report**

To the Board of Directors of  
**Shanti Project**  
San Francisco, California

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

I have audited the accompanying financial statements of Shanti Project ("Shanti"), a California nonprofit organization, which comprise the statements of financial position of Shanti as of June 30, 2020 and 2019, and the related statements of activities, 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.

#### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Shanti as of June 30, 2020 and 2019, 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**

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 my 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*, I have also issued my report dated March 17, 2021, on my consideration of Shanti's internal control over financial reporting and on my 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 my 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 Shanti'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 Shanti's internal control over financial reporting and compliance.

Oakland, California  
March 17, 2021

*Noe and Company*

**SHANTI PROJECT**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2020 and 2019**

<b>Assets:</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>Current Assets:</b>		
Cash	\$ 1,227,650	\$ 368,470
Contracts Receivable	1,928,830	1,585,795
Grants Receivable	233,333	556,666
Pledges Receivable	-	500
Employee Advances	3,353	5,920
Inventory	79,603	66,115
Prepaid Expenses	<u>254,977</u>	<u>270,090</u>
Total Current Assets	3,727,746	2,853,556
 Property and Equipment, net	 1,682,026	 1,741,941
 <b>Other Assets:</b>		
Loan Costs, net	6,982	8,251
Deposits	<u>8,500</u>	<u>8,500</u>
Total Other Assets	<u>15,482</u>	<u>16,751</u>
 <b>Total Assets</b>	 <b>\$ <u>5,425,254</u></b>	 <b>\$ <u>4,612,248</u></b>
 <b>Liabilities and Net Assets:</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 142,909	\$ 316,829
Accrued Payroll and Payroll Taxes	200,997	164,303
Accrued Vacation	275,109	191,202
Other Accrued Liabilities	36,083	36,083
Deferred Revenue	60,000	60,000
Line of Credit	-	235,000
Notes Payable, current portion	<u>347,142</u>	<u>29,168</u>
Total Current Liabilities	1,062,240	1,032,585
 Notes Payable, long-term portion	 <u>1,375,960</u>	 <u>1,012,415</u>
 Total Liabilities	 2,438,200	 2,045,000
 <b>Net Assets:</b>		
Without Donor Restrictions	2,224,748	1,574,202
With Donor Restrictions	<u>762,306</u>	<u>993,046</u>
 Total Net Assets	 <u>2,987,054</u>	 <u>2,567,248</u>
 <b>Total Liabilities and Net Assets</b>	 <b>\$ <u>5,425,254</u></b>	 <b>\$ <u>4,612,248</u></b>

See accompanying notes to financial statements

**SHANTI PROJECT**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2020**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>Revenues and Supports:</b>			
Governmental Contracts	\$ 4,037,724		\$ 4,037,724
Grants	414,034	\$ 309,300	723,334
Legacies and Bequests	188,345		188,345
Contributions	836,126		836,126
Program Service Fees	549,161		549,161
Special Events Revenue, net	411,143		411,143
Donated Services and Goods	377,278		377,278
Investment Income	3,284		3,284
Rent	55,736		55,736
Other Income	1,237		1,237
Net Assets Released from Restrictions	<u>540,040</u>	<u>(540,040)</u>	<u>          </u>
Total Revenues and Supports	7,414,108	(230,740)	7,183,368
<b>Expenses:</b>			
<b>Program Services:</b>			
HIV Programs	1,703,151		1,703,151
HIV Health Services Planning Council Support	352,404		352,404
Margot Murphy Women's Cancer Program	999,594		999,594
Pets Are Wonderful Support	794,681		794,681
Volunteer Services	449,146		449,146
Peer Advocate Care Team	692,582		692,582
LGBTQ+ Aging and Abilities Support Network	<u>499,463</u>	<u>          </u>	<u>499,463</u>
Total Program Services	5,491,021		5,491,021
<b>Supporting Services:</b>			
Management and General	610,122		610,122
Development	<u>662,419</u>	<u>          </u>	<u>662,419</u>
Total Supporting Services	<u>1,272,541</u>	<u>          </u>	<u>1,272,541</u>
Total Expenses	<u>6,763,562</u>	<u>          </u>	<u>6,763,562</u>
Change in Net Assets	650,546	(230,740)	419,806
Net Assets, Beginning of the Year	<u>1,574,202</u>	<u>993,046</u>	<u>2,567,248</u>
Net Assets, End of the Year	\$ <u>2,224,748</u>	\$ <u>762,306</u>	\$ <u>2,987,054</u>

See accompanying notes to financial statements

**SHANTI PROJECT**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2019**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>Revenues and Supports:</b>			
Governmental Contracts	\$ 3,435,081		\$ 3,435,081
Grants	620,289	\$ 968,046	1,588,335
Legacies and Bequests	290,474		290,474
Contributions	639,830		639,830
Program Service Fees	426,853		426,853
Special Events Revenue, net	409,368		409,368
Donated Services and Goods	587,902		587,902
Investment Income	323		323
Rent	36,064		36,064
Other Income	10,438		10,438
Net Assets Released from Restrictions	<u>333,936</u>	<u>(333,936)</u>	
Total Revenues and Supports	6,790,558	634,110	7,424,668
<b>Expenses:</b>			
Program Services:			
HIV Programs	1,016,708		1,016,708
The L.I.F.E. Program	385,518		385,518
HIV Health Services Planning Council Support	354,733		354,733
Margot Murphy Women's Cancer Program	972,232		972,232
Pets Are Wonderful Support	905,987		905,987
Volunteer Services	319,930		319,930
Peer Advocate Care Team	531,108		531,108
LGBTQ+ Aging and Abilities Support Network	<u>443,916</u>		<u>443,916</u>
Total Program Services	4,930,132		4,930,132
Supporting Services:			
Management and General	655,941		655,941
Development	<u>683,707</u>		<u>683,707</u>
Total Supporting Services	<u>1,339,648</u>		<u>1,339,648</u>
Total Expenses	<u>6,269,780</u>		<u>6,269,780</u>
Change in Net Assets	520,778	634,110	1,154,888
Net Assets, Beginning of the Year	<u>1,053,424</u>	<u>358,936</u>	<u>1,412,360</u>
Net Assets, End of the Year	\$ <u>1,574,202</u>	\$ <u>993,046</u>	\$ <u>2,567,248</u>

See accompanying notes to financial statements



**SHANTI PROJECT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2020**

	HIV Programs	HIV Health Services Planning Council Support	Margot Murphy Women's Cancer Program	Pets Are Wonderful Support	Volunteer Services	Peer Advocate Care Team	LGBTQ+ Aging and Abilities Support Network	Total Program Services	Management and General	Development	Total Supporting Services	Total Expenses
Salaries	\$ 1,038,234	\$ 255,054	\$ 486,620	\$ 331,019	\$ 170,275	\$ 358,025	\$ 249,923	\$ 2,889,150	\$ 396,160	\$ 438,991	\$ 835,151	\$ 3,724,301
Payroll Taxes	76,617	17,826	31,708	23,322	11,519	29,079	20,086	210,157	35,754	32,621	68,375	278,532
Benefits	104,439	23,101	54,425	33,538	14,744	40,945	40,334	311,526	24,733	35,373	60,106	371,632
Contract Services	49,832	8,774	220,334	37,247	20,637	177,913	117,062	631,799	64,747	68,407	133,154	764,953
Donated Services and Goods	157,891	-	-	43,620	157,792	-	-	359,303	-	-	-	359,303
Program Expenses	58,829	1,241	115,570	255,538	33,955	11,409	30,676	507,218	1,977	17	1,994	509,212
Travel	5,900	4,666	1,751	914	7,596	8,086	494	29,407	6,619	6,484	13,103	42,510
Conference and Meeting	7,944	4,694	59	627	3,336	625	91	17,376	2,621	728	3,349	20,725
Staff Development	4,648	-	1,354	450	-	1,517	22	7,991	2,176	705	2,881	10,872
Telephone	19,427	3,016	7,406	3,310	1,364	7,033	3,906	45,462	1,965	3,081	5,046	50,508
Postage and Shipping	7	-	413	377	438	196	143	1,574	199	1,315	1,514	3,088
Printing and Duplication	445	75	1,322	129	193	337	452	2,953	742	31,738	32,480	35,433
Dues and Subscription	1,549	-	-	-	700	-	685	2,934	5,538	1,305	6,843	9,777
Supplies	22,428	2,148	6,359	4,279	9,844	24,790	6,618	76,466	16,662	4,687	21,349	97,815
Occupancy	134,870	26,819	60,874	14,263	12,638	9,252	6,085	264,801	11,118	4,726	15,844	280,645
Equipment Rental and Maintenance	8,071	1,716	3,477	2,026	1,073	3,000	2,778	22,141	2,037	2,439	4,476	26,617
Insurance	8,113	1,725	3,495	1,873	996	2,924	2,792	21,918	4,715	2,452	7,167	29,085
Bank Charges	39	-	39	199	21	-	-	298	3,712	10,871	14,583	14,881
Interest Expenses	1,625	651	240	17,622	851	7,334	7,260	35,583	11,680	6,475	18,155	53,738
Depreciation and Amortization	2,243	898	4,148	24,313	1,174	10,117	10,016	52,909	8,995	8,934	17,929	70,838
Miscellaneous	-	-	-	15	-	-	40	55	7,972	1,070	9,042	9,097
<b>Total Expenses</b>	<b>\$ 1,703,151</b>	<b>\$ 352,404</b>	<b>\$ 999,594</b>	<b>\$ 794,681</b>	<b>\$ 449,146</b>	<b>\$ 692,582</b>	<b>\$ 499,463</b>	<b>\$ 5,491,021</b>	<b>\$ 610,122</b>	<b>\$ 662,419</b>	<b>\$ 1,272,541</b>	<b>\$ 6,763,562</b>

See accompanying notes to financial statements.



**SHANTI PROJECT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2019

	HIV Programs	The L.I.F.E. Program	HIV Health Services Planning Council Support	Margot Murphy Women's Cancer Program	Pets Are Wonderful Support	Volunteer Services	Peer Advocate Care Team	LGBTQ+ Aging and Abilities Support Network	Total Program Services	Management and General	Development	Total Supporting Services	Total Expenses
Salaries	\$ 591,503	\$ 263,029	\$ 227,627	\$ 450,336	\$ 290,480	\$ 28,268	\$ 282,937	\$ 222,199	\$ 2,356,379	\$ 385,800	\$ 246,712	\$ 632,512	\$ 2,988,891
Payroll Taxes	46,679	20,962	18,404	31,508	23,393	2,187	23,693	17,524	184,350	30,021	19,190	49,211	233,561
Benefits	59,827	37,000	25,193	52,412	41,379	2,109	31,548	39,014	288,482	25,449	33,279	58,728	347,210
Contract Services	23,968	7,367	8,757	269,322	27,688	3,002	89,388	112,877	542,369	139,898	256,726	396,624	938,993
Donated Services and Goods	176,956	-	-	-	162,596	251,527	-	-	591,079	-	-	-	591,079
Program Expenses	21,040	38,252	2,580	96,241	238,886	3,657	13,394	16,022	430,072	14	51	65	430,137
Travel	9,216	2,669	5,314	2,047	2,463	3,695	5,192	523	31,119	13,898	8,216	22,114	53,233
Conference and Meeting	3,348	2,851	15,073	520	1,049	10,544	78	1,665	35,128	1,722	5,341	7,063	42,191
Staff Development	175	-	-	44	421	8	-	845	1,493	3,117	632	3,749	5,242
Telephone	15,095	2,026	1,946	7,853	3,093	200	3,234	3,349	36,796	2,984	2,527	5,511	42,307
Postage and Shipping	98	51	-	701	870	-	-	-	1,720	44	179	223	1,943
Printing and Duplication	919	268	300	1,601	1,602	1,083	278	287	6,338	197	31,839	32,036	38,374
Dues and Subscription	2,375	-	-	-	-	500	-	685	3,560	4,667	1,177	5,844	9,404
Licenses and Fees	-	-	-	-	-	-	-	-	-	3,622	1,008	4,630	4,630
Supplies	15,282	3,457	3,304	7,499	7,950	4,395	7,316	3,597	52,800	11,463	6,168	17,631	70,431
Occupancy	34,750	3,296	42,115	39,068	44,792	8,218	60,110	5,255	237,604	4,064	37,565	41,629	279,233
Equipment Rental and Maintenance	6,174	2,073	1,991	4,100	2,841	205	1,408	2,027	20,819	1,403	2,585	3,988	24,807
Insurance	6,601	2,217	2,129	4,385	3,038	219	1,505	2,168	22,262	3,769	2,764	6,533	28,795
Bank Charges	-	-	-	-	-	103	-	-	103	5,341	7,448	12,789	12,892
Interest Expenses	1,118	-	-	430	21,850	-	4,729	6,810	34,937	11,150	8,599	19,749	54,686
Depreciation and Amortization	1,489	-	-	4,070	29,096	-	6,298	9,069	50,022	5,025	11,451	16,476	66,498
Miscellaneous	95	-	-	95	2,500	10	-	-	2,700	2,293	250	2,543	5,243
<b>Total Expenses</b>	<b>\$ 1,016,708</b>	<b>\$ 385,518</b>	<b>\$ 354,733</b>	<b>\$ 972,232</b>	<b>\$ 905,987</b>	<b>\$ 319,930</b>	<b>\$ 531,108</b>	<b>\$ 443,916</b>	<b>\$ 4,930,132</b>	<b>\$ 655,941</b>	<b>\$ 683,707</b>	<b>\$ 1,339,648</b>	<b>\$ 6,269,780</b>

See accompanying notes to financial statements.

**SHANTI PROJECT**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ 419,806	\$ 1,154,888
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	70,837	66,498
Changes in Operating Assets and Liabilities:		
Increase in Contracts Receivable	(343,035)	(911,030)
Decrease (Increase) in Grants Receivable	323,333	(386,225)
Decrease in Pledges Receivable	500	8,750
Increase in Employee Advances	2,567	(5,375)
Decrease (Increase) in Inventory	(13,488)	1,576
Decrease (Increase) in Prepaid Expenses	15,113	(182,664)
Increase (Decrease) in Accounts Payable	(173,920)	120,328
Increase in Accrued Payroll and Payroll Taxes	36,694	43,603
Increase (Decrease) in Accrued Vacation	83,907	(143)
Decrease in Deferred Revenue	<u>-</u>	<u>(25,000)</u>
Net Cash Provided by (Used in) Operating Activities	<u>422,314</u>	<u>(114,794)</u>
<b>Cash Flows From Investing Activities:</b>		
Purchases of Property and Equipment	<u>(9,653)</u>	<u>(11,399)</u>
Net Cash Used in Investing Activities	<u>(9,653)</u>	<u>(11,399)</u>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from Line of Credit	-	135,000
Payments on Line of Credit	(235,000)	-
Proceeds from Notes Payable	711,377	
Principal Payments on Notes Payable	<u>(29,858)</u>	<u>(27,983)</u>
Net Cash Provided by Financing Activities	<u>446,519</u>	<u>107,017</u>
Net Increase (Decrease) in Cash	859,180	(19,176)
Cash, Beginning of Year	<u>368,470</u>	<u>387,646</u>
<b>Cash, End of Year</b>	<b>\$ <u>1,227,650</u></b>	<b>\$ <u>368,470</u></b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Donated Services and Goods	\$ <u>377,278</u>	\$ <u>587,902</u>
Interest Paid	\$ <u>53,738</u>	\$ <u>54,686</u>

See accompanying notes to financial statements

**SHANTI PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

**1. ORGANIZATION**

For 45 years, the Shanti Project (“Shanti”) has been cultivating compassion in our community. Founded in 1974 by Dr. Charles Garfield at the UCSF Cancer Institute, Shanti was one of the first volunteer organizations in the United States to provide support to people with life-threatening illness. Shanti was founded on the principle that every person deserves compassion, connection and human dignity. From our earliest days, Shanti has shined a light on the invisible suffering that accompanies illness and isolation. And we have called on the community to be the difference between zero and one—the difference between facing life’s most difficult challenges alone or with one person by your side.

Shanti emerged from the UCSF cancer ward halls to become one of the world’s very first community-based organizations to help support people diagnosed with HIV/AIDS during the epidemic’s early, most nightmarish days. In 2001, we expanded our services to include women diagnosed with breast cancer, and in 2015, we expanded again to serve women facing any cancer diagnosis. Also in 2015, we welcomed into the Shanti family community partner Pets Are Wonderful Support (PAWS), whose mission ensures that no person has to make the decision between caring for their pet or caring for themselves.

To bring our internationally recognized model of care to more underserved members of our community, we launched two new programs in 2016. Our LGBTQ+ Aging & Abilities Support Network (LAASN) addresses social isolation as well as emotional, behavioral, and health challenges faced by LGBTQ+ seniors and adults with disabilities. Our Peer Advocate Care Team (PACT) supports current residents of Potrero Terrace and Annex to help them prepare for their public housing to be demolished and rebuilt into a mixed-income community.

**HIV Programs**

When people living with HIV/AIDS receive medical and emotional support, they feel strong, empowered, and worthy. Our continuum of HIV services allows these individuals to connect with one another and access much needed resources like medical and mental health care, housing support, food and nutrition, counseling, support groups, and much more.

**SHANTI PROJECT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2020 and 2019**

**1. ORGANIZATION (Continued)**

**HIV Health Services Planning Council Support Program**

The San Francisco EMA HIV Community Planning Council is a collaborative regional planning body that consists of volunteers and government appointees from throughout San Francisco, Marin, and San Mateo counties, including persons living with HIV, community members, and representatives of private and public agencies providing a wide range of HIV-related services and programs. Shanti provides management, administrative support, and training to council members of the San Francisco EMA HIV Community Planning Council. The body is mandated by HRSA and the CDC to assess the needs of the HIV-positive population and those at risk of contracting HIV, prioritize service categories, and set funding allocation levels for those services.

**Margot Murphy Women's Cancer Program**

When women diagnosed with cancer are genuinely seen and supported, not just medically, but emotionally, they gain a sense of empowerment about their treatment and their lives. Through our Women's Cancer Program, our Care Navigators provide a multitude of culturally competent services including patient advocacy, language interpretation, social services application support, appointment accompaniment, and transportation assistance. We meet clients where they are at — in homes, in hospital rooms, or in our offices.

**Pets Are Wonderful Support (PAWS)**

When our neighbors know their animals are being loved and cared for, they have the time, space, and confidence to navigate the other issues in their lives. PAWS staff and volunteers assist clients in caring for their pets through supportive services like pet food and supplies, veterinary services, dog walking, in-home cat care, transports to vet appointments, and emergency pet foster care.

**SHANTI PROJECT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2020 and 2019**

**1. ORGANIZATION (Continued)**

**Volunteer Services**

When volunteers are trained to make meaningful personal connections, they learn to offer compassion and presence that affects the entire community. Shanti offers an immersive, life-changing 24-hour volunteer training, the Shanti Model of Peer Support, which prepares volunteers to be paired one-on-one with clients and provide them with both emotional support and practical assistance.

**Peer Advocate Care Team (PACT)**

When our neighbors who live in poverty in Potrero Terrace and Annex public housing, which is undergoing a vast redevelopment, receive emotional support, they feel strong, empowered, and more self-reliant. Using the Shanti Model of Peer Support, our PACT services enable these individuals and families to stay or become stably housed in a safe and livable environment, one where they feel invested and connected to each other and their community.

**LGBTQ+ Aging and Abilities Support Network (LAASN)**

When LGBTQ+ elders with disabilities are recognized for who they truly are, they feel valued and empowered to vibrantly contribute to their community. The LGBTQ+ Aging and Abilities Support Network provides supportive services that address social isolation, emotional, behavioral, and health challenges faced by lesbian, gay, bisexual, transgender, and queer seniors and adults with disabilities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of Shanti have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses as incurred.

**SHANTI PROJECT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2020 and 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation**

The Shanti's financial statements have been prepared in accordance with U.S. generally accepted accounting principles, which require Shanti to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions** - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Shanti's management and the board of directors.

**Net assets with donor restrictions** - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Shanti or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**Cost Reimbursement Contracts**

Grant revenue from federal, state and county contracts is recognized based on the terms of the respective contracts. Revenue from government agencies for contract services provided by Shanti to third-party organizations is recognized upon completion of services and is reflected as "Governmental Contracts Revenue" in the accompanying Statement of Activities.

**Concentration of Revenue**

Shanti received approximately 56% and 46% of its revenue from governmental sources during the years ended June 30, 2020 and 2019, respectively.

**Inventories**

Inventories are stated at cost using primarily the first-in, first-out method. Inventories consist principally of pet foods and pet supplies.

**SHANTI PROJECT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2020 and 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment**

Purchased property and equipment are recorded at cost. Donated property and equipment are stated at estimated fair market value when received. Depreciation and amortization are recorded using the straight-line method over estimated useful lives ranging from 3 to 25 years. Shanti's policy is to capitalize long-term asset expenditures in excess of \$5,000.

**Grants and Contributions**

Grants and contributions, including unconditional promises to give, are recorded as made. All grants and contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Credit Risk**

Financial instruments that potentially subject Shanti to concentrations of credit risk are primarily cash, investments and accounts receivable. Shanti places its cash in financial institutions that are insured in limited amounts by the U.S. government. The uninsured cash balance as of June 30, 2020 was \$630,676.



**SHANTI PROJECT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2020 and 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donated Services and Goods**

Donated services are recognized as contributions, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, that are performed by people with those skills, and that would typically need to be purchased if not provided by donation. During the years ended June 30, 2020 and 2019, the value of contributed services included in the accompanying statement of activities amounted to \$181,978 and \$357,750, respectively. Local arts and entertainment organizations and various corporations contributed \$195,301 and \$230,152 in the fiscal years ended June 30, 2020 and 2019, respectively, of donated tickets and entry fees and goods used for the benefit of Shanti's clients.

A substantial number of volunteers have donated significant amounts of time in Shanti's program services and development activities. During the years ended June 30, 2020 and 2019 at any given time, Shanti had approximately 500 and 700 volunteers respectively who provided in excess of 12,000 volunteer service hours each year, only a portion of which is recognized in its financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events**

Shanti has evaluated subsequent events through March 17, 2021, which is the date the financial statements were available to be issued.

**SHANTI PROJECT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2020 and 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Tax Status**

Shanti is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and is exempt from California franchise taxes under Section 23701d of the Revenue and Taxation Code. It is the opinion of management that all income earned has been related to Shanti's tax-exempt status and there has been no unrelated business income.

The accounting standard requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. Based on management's tax positions of Shanti, the accounting for any uncertainty in Shanti's tax positions is not expected to have a material impact on the financial statements.

**Recent Accounting Pronouncement**

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective for fiscal years beginning after December 15, 2021, with early adoption permitted.

In May 2014, the FASB issued ASU 2014-09, Revenue Recognition (Topic 606) - Revenue from Contracts with Customers. This ASU introduces a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for fiscal years beginning after December 15, 2018 and for interim periods within fiscal years beginning after December 15, 2019. Early application of the amendments in this ASU is permitted.

**SHANTI PROJECT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2020 and 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**New Accounting Pronouncement**

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Shanti has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**3. CONTRACTS RECEIVABLE**

A summary of contracts receivable as of June 30, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
City and County of San Francisco	\$ 1,582,802	\$ 1,272,596
The San Francisco AIDS Foundation	30,037	139,470
Bridge Housing	<u>315,991</u>	<u>173,729</u>
Total	\$ <u>1,928,830</u>	\$ <u>1,585,795</u>

**4. RETIREMENT PLAN**

Shanti has adopted a defined contribution retirement plan (the “Plan”) under Section 403 (b) of the Internal Revenue Code. The Plan covers all full-time employees of Shanti and provides for voluntary salary deferrals up to certain limits. Shanti did not contribute to the plan for the years ended June 30, 2020 and 2019.

**5. REVOLVING LINE OF CREDIT**

Shanti had a revolving line of credit of \$500,000 with Heritage Bank of Commerce at June 30, 2019, expiring on December 23, 2020. Interest payments on the credit line are due monthly at a rate equal to the index plus 0.75%, which for the years ended June 30, 2020 and 2019 were 6.25% and 6.25%, respectively. The credit line is secured by certain personal property owned by Shanti. The amounts outstanding on the line of credit were \$0 and \$235,000 at June 30, 2020 and 2019, respectively.

**SHANTI PROJECT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2020 and 2019**

**6. PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 702,735	\$ 702,735
Building	1,543,247	1,543,247
Furniture and Equipment	231,145	231,145
Software	<u>28,715</u>	<u>19,062</u>
 Total Property and Equipment	 2,505,842	 2,496,189
 Less: Accumulated Depreciation	 <u>(823,816)</u>	 <u>(754,248)</u>
 Net Property and Equipment	 \$ <u>1,682,026</u>	 \$ <u>1,741,941</u>

**7. OPERATING LEASES**

Shanti has entered into several long-term operating leases for office space and equipment with monthly payments ranging from \$354 to \$20,207. The future minimum rental payments required under these long-term non-cancelable leases at June 30, 2020, are as follows:

Year Ending June 30,

2021	\$ 257,139
2022	<u>83,249</u>
 Total	 \$ <u>340,388</u>

Rent expenses amounted to \$245,743 and \$247,242 for the years ended June 30, 2020 and 2019, respectively.

**SHANTI PROJECT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2020 and 2019**

**8. LOAN COSTS**

In December 2015, Shanti paid \$12,695 in closing costs on a notes payable. These costs are amortized using the straight-line method over the 10 year term of the loan. Amortized loan costs in the fiscal years ended June 30, 2020 and 2019 were \$1,270 and \$1,270, respectively.

**9. NOTES PAYABLE**

The following is a summary of the notes payable:	<u>2020</u>	<u>2019</u>
Note payable to Heritage Bank of Commerce in monthly installments of \$6,351 with interest rate at 4.5% through December 2025, secured by real property.	\$ 1,011,725	\$ 1,041,583
Note payable to Heritage Bank of Commerce in monthly installments of \$29,950 with interest rate at 1.0% through April 2022, unsecured.	<u>711,377</u>	<u>-</u>
Total	1,723,102	1,041,583
Less: Current Portion	<u>(347,142)</u>	<u>(29,168)</u>
Long-term Portion	\$ <u><u>1,375,960</u></u>	\$ <u><u>1,012,415</u></u>

The future scheduled maturities of long-term debt are as follows:

Year Ending June 30:

2021	\$ 347,142
2022	427,009
2023	33,580
2024	35,031
2025	36,777
Thereafter	<u>843,563</u>
Total	\$ <u><u>1,723,102</u></u>

**SHANTI PROJECT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2020 and 2019**

**10. SPECIAL EVENTS REVENUE**

Special event revenue is shown on the financial statements net of direct event costs of \$111,707 and \$129,058 for the years ended June 30, 2020 and 2019, respectively. Costs are comprised of venue location, food and service, program costs and various other expenses.

**11. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were as follows for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Margot Murphy Women's Cancer Program	\$ 34,300	\$ 60,700
HIV Services	698,006	844,746
Pets Are Wonderful Support	-	12,600
Others - Time Restricted	5,000	50,000
Endowment Fund	<u>25,000</u>	<u>25,000</u>
Total	\$ <u>762,306</u>	\$ <u>993,046</u>

**12. NET ASSETS RELEASED FROM DONOR RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the years ended June 30, 2020 and 2019, as follows:

	<u>2020</u>	<u>2019</u>
Margot Murphy Women's Cancer Program	\$ 60,700	\$ 165,656
The L.I.F.E. Program	-	168,280
HIV Services	396,740	-
Pets Are Wonderful Support	12,600	-
Others - Time Restricted	<u>70,000</u>	<u>-</u>
Total	\$ <u>540,040</u>	\$ <u>333,936</u>

**SHANTI PROJECT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2020 and 2019**

**13. ENDOWMENT FUND**

Shanti's endowment consists of \$25,000 of a donor restricted fund received in 2005. The donor requested that Shanti should set up an endowment account and use the income from the endowment account for the Breast Cancer Program.

The Board of Directors of Shanti has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the original gift as the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Shanti classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument as the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Shanti in a manner consistent with the standard of prudence prescribed by UPMIFA.

Changes in endowment net assets for the year ended June 30, 2020 consist of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets As of June 30, 2019	\$ 89	\$ 25,000	\$ 25,089
Investment Income	8	-	8
Appropriation of Endowment Assets for Expenditure	<u>-</u>	<u>-</u>	<u>-</u>
Endowment Net Assets As of June 30, 2020	\$ <u>97</u>	\$ <u>25,000</u>	\$ <u>25,097</u>



**SHANTI PROJECT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2020 and 2019**

**13. ENDOWMENT FUND (Continued)**

Changes in endowment net assets for the year ended June 30, 2019 consist of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets As of June 30, 2018	\$ 74	\$ 25,000	\$ 25,074
Investment Income	15	-	15
Appropriation of Endowment Assets for Expenditure	<u>-</u>	<u>-</u>	<u>-</u>
Endowment Net Assets As of June 30, 2019	\$ <u>89</u>	\$ <u>25,000</u>	\$ <u>25,089</u>

**14. RENT INCOME**

Commencing December 2018, Shanti entered a sublease agreement for office space, that extended through October 2021 with a monthly payment of \$4,556, with San Francisco Community Health Center. The future rents to be received at June 30, 2020, are as follows:

Year Ending June 30,

2021	\$ 54,674
2022	<u>18,225</u>
Total	\$ <u>72,899</u>

Rent income for the years ended June 30, 2020 and 2019 were \$55,736 and \$36,064, respectively.

**SHANTI PROJECT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2020 and 2019**

**15. COMPLIANCE WITH GRANTOR OR DONOR RESTRICTIONS**

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

**16. AVAILABILITY AND LIQUIDITY**

The following represents Shanti's financial assets at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash	\$ 1,227,650	\$ 368,470
Accounts Receivable	<u>2,162,163</u>	<u>2,142,961</u>
Total Financial Assets	3,389,813	2,511,431
Less: Amounts Not Available To Be Used Within One Year:		
Net Assets With Donor Restrictions	762,306	993,046
Less: Net Assets With Donor Restrictions To Be Met In Less Than One Year	<u>(620,639)</u>	<u>(618,046)</u>
Total Amounts Not Available To Be Used	<u>141,667</u>	<u>375,000</u>
Financial Assets Available To Meet General Expenditures Over The Next Twelve Months	\$ <u>3,248,146</u>	\$ <u>2,136,431</u>

Shanti's goal is generally to maintain financial assets to meet not less than 90 days of operating expenses (approximately \$1,400,000). As part of its liquidity plan, excess cash is invested in short-term investments. Shanti has a \$500,000 line of credit available to meet cash flow needs.

## **SUPPLEMENTARY INFORMATION**

**SHANTI PROJECT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Contract Number</u>	<u>Period</u>	<u>Program Award Amount</u>	<u>Revenue Recognized</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services:</u>						
HIV Emergency Relief Project Grants:						
Passed through the City and County of San Francisco						
HIV Health Services Planning Council Support	93.914	HCPD13/1901	3/1/19-2/29/20	\$ 344,266	\$ 237,902	\$ 237,902
HIV Health Services Planning Council Support	93.914	HCPD13	7/1/19-6/30/20	344,266	81,110	81,110
Westside Integrated Medical Case Management	93.914	HCPD13/1901	3/1/19-2/29/20	143,624	94,296	94,296
Westside Integrated Medical Case Management	93.914	HCPD13	7/1/19-6/30/20	143,624	23,704	23,704
Emotional and Practical Support Services	93.914	HCPD13/1901	3/1/19-2/29/20	366,845	274,938	274,938
Emotional and Practical Support Services	93.914	HCPD13	7/1/19-6/30/20	366,845	58,122	58,122
Emotional and Practical Support Services: Senior Survivor	93.914	HCPD13/1901	3/1/19-2/29/20	102,193	91,384	91,384
Emotional and Practical Support Services: Senior Survivor	93.914	HCPD13	7/1/19-6/30/20	102,193	<u>6,710</u>	<u>6,710</u>
					868,166	868,166
HIV Prevention Activities Health Department Based:						
Passed through the City and County of San Francisco						
HIV Health Services Planning Council Support 12K	93.940	HCPD90	7/1/19-6/30/20	12,000	<u>4,154</u>	<u>4,154</u>
Total U.S. Department of Health and Human Services					<u>872,320</u>	<u>872,320</u>
Total Federal Awards					\$ <u>872,320</u>	\$ <u>872,320</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**SHANTI PROJECT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2020**

**1. BASIS OF PRESENTATION**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**3. INDIRECT COST RATE**

Shanti has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



## Noe and Company

### **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Board of Directors of  
**Shanti Project**  
San Francisco, California

I 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 Shanti Project ("Shanti"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated March 17, 2021.

#### **Internal Control Over Financial Reporting**

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

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

My consideration of internal 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of This Report**

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

Oakland, California  
March 17, 2021

*Noe and Company*





**Noe and Company**

**Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

To the Board of Directors of  
**Shanti Project**  
San Francisco, California

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

I have audited the compliance of Shanti Project ("Shanti") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Shanti's major federal programs for the year ended June 30, 2020. Shanti's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

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

In my opinion, Shanti 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, 2020.

### **Report on Internal Control Over Compliance**

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

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

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

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

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

I have audited Shanti's financial statements as of and for the year ended June 30, 2020, and have issued my report thereon dated March 17, 2021, which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of 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 my opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Oakland, California  
March 17, 2021

*Noe and Company*

**SHANTI PROJECT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2020**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

1. The type of auditor's report issued on the financial statements of Shanti Project ("Shanti"):  
Unmodified opinion
2. Internal control over financial reporting:
  - Material weaknesses identified? No.
  - Significant deficiencies identified? None reported.
3. Noncompliance which is material to the financial statements: No.

**Federal Awards:**

1. Internal control over major programs:
  - Material weaknesses identified: No.
  - Significant deficiencies identified? None reported.
2. The type of the auditor's report issued on compliance for major federal programs: Unmodified opinion.
3. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance: No.
4. Identification of major programs:

**PROGRAM NAME**

**CFDA No.**

HIV Emergency Relief Project Grants

93.914

5. The dollar threshold used to distinguish between type A and type B programs: \$ 750,000.
6. Auditee qualified as a low-risk auditee: Yes.

**SHANTI PROJECT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**June 30, 2020**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.

**SHANTI PROJECT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2020**

1. There were no prior year audit findings.