North County LGBTQ Resource Center
Audited Financial Statements
For the Year Ended December 31, 2024

Presented by

Pinnacle Accounting & Financial Services

A Professional Corporation

North County LGBTQ Resource Center
Audited Financial Statements
For the Year Ended December 31, 2024

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Pinnacle Accounting
& FINANCIAL SERVICES

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
North County LGBTQ Resource Center
Oceanside, California

Opinion

We have audited the accompanying financial statements of North County LGBTQ Resource Center (a California nonprofit organization), which comprises the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of North County LGBTQ Resource Center as of December 31, 2024, 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 Auditors' 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.

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.

Auditors' 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 auditors' 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 accompanying 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 our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2025, 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.

Pinnacle Accounting & Financial Services

Pinnacle Accounting & Financial Services
Sacramento, CA
August 18, 2025

North County LGBTQ Resource Center
Statements of Financial Position
December 31, 2024

		2024
ASSETS		
Current Assets		
Cash	$	1,399,697
Grants & Accounts Receivable		198,204
Prepaid Expenses		53,539
Deposits		207,500
Total Current Assets		1,858,940
Noncurrent Assets		
Property and Equipment, Net		225,598
Total Noncurrent Assets		225,598
TOTAL ASSETS	$	2,084,538
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts Payable	$	50,639
Accrued Payroll Liabilities		67,699
Deferred Income		715,382
Total Current Liabilities		833,720
NET ASSETS		
Without Donor Restrictions		939,747
With Donor Restrictions		311,071
TOTAL NET ASSETS		1,250,818
TOTAL LIABILITIES AND NET ASSETS	$	2,084,538

The accompanying notes are an integral part of the financial statements

North County LGBTQ Resource Center
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants & Contributions	$ 2,078,424	$ 183,074	$ 2,261,498
Program Income	143,201	-	143,201
Interest Income	133	-	133
Special events	240,859	-	240,859
Less: Special Events Costs	(168,817)	-	(168,817)
Net Assets Released from Restrictions	40,210	(40,210)	-
TOTAL SUPPORT AND REVENUE	2,334,010	142,864	2,476,874
EXPENSES			
Program Services	1,849,263	-	1,849,263
Supporting Services			
Management and General	373,400	-	373,400
Fundraising	9,076	-	9,076
TOTAL EXPENSES	2,231,738	-	2,231,738
CHANGE IN NET ASSETS	102,271	142,864	245,135
Prior Period Adjustment	(206,675)	-	(206,675)
Net Assets at Beginning of Year	1,044,151	168,207	1,212,358
NET ASSETS AT END OF YEAR	$ 939,747	$ 311,071	$ 1,250,818

The accompanying notes are an integral part of the financial statements

North County LGBTQ Resource Center
Statement of Functional Expenses
For the Year Ended December 31, 2024

	2024			
	Program Services	Management and General	Fundraising	Total
Personnel Expenses				
Salaries and Wages	$ 1,099,533	$ 179,288	$ -	$ 1,278,821
Payroll Taxes	114,600	20,235	-	134,835
Employee Benefits	117,502	12,987	-	130,489
Total Personnel Expenses	1,331,635	212,510	-	1,544,145
Non-Personnel Expenses				
Professional Fees	152,664	57,374	1,000	211,038
Client Support	201,441	-	-	201,441
IT Expenses	32,775	11,935	479	45,189
Rental	15,394	20,160	-	35,554
Advertising and Marketing	23,742	1,942	2,963	28,647
Mileage, Travel, and Vehicle Expenses	23,804	204	94	24,102
Equipment Rental	23,391	-	-	23,391
Insurance	10,077	11,010	-	21,087
Utilities and Maintenance	5,545	15,039	-	20,584
Office Supplies	11,612	8,287	-	19,899
Repairs and Maintenance	-	14,531	-	14,531
Depreciation	-	11,370	-	11,370
Professional Development	10,549	59	24	10,632
Payroll Processing Fees	2,045	6,387	-	8,432
Bank Fees	437	227	4,006	4,670
Dues and Subscriptions	1,154	1,387	230	2,771
Office Expenses	1,754	-	-	1,754
Conferences and Meetings	400	978	280	1,658
Bad Debt	500	-	-	500
Postage	344	-	-	344
Total Non-Personnel Expenses	517,628	160,890	9,076	687,593
Total Functional Expenses FY2024	$ 1,849,263	$ 373,400	$ 9,076	$ 2,231,738

North County LGBTQ Resource Center
Statements of Cash Flows
For the Year Ended December 31, 2024

		2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$	245,135
Adjustments to Reconcile Change in Net Assets		
Net Cash Provided (Used) by Operating Activities		
Depreciation		11,370
(Increase) / Decrease in Assets:		
Grants & Accounts Receivable		(198,204)
Prepaid Expenses		(53,539)
Deposits		(207,500)
Increase / (Decrease) in Liabilities:		
Accounts Payable		49,574
Accrued Payroll Liabilities		67,699
Deferred Income		715,382
NET CASH PROVIDED BY OPERATING ACTIVITIES		629,917
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment		(222,330)
NET CASH USED IN INVESTING ACTIVITIES		(222,330)
NET INCREASE IN CASH		407,587
CASH BALANCE AT BEGINNING OF YEAR		1,198,785
Prior Period Adjustment		(206,675)
CASH BALANCE AT END OF YEAR	$	1,399,697

Note 1. Organization and Purpose:

North County LGBTQ Resource Center (the Organization) is a California nonprofit organization which was formed on January 08, 2008. The Organization's mission is to serve, empower, and advocate for North County's diverse LGBTQI community. This is achieved through programs that promote inclusion, provide essential resources, and support the well-being of LGBTQI individuals across all ages and backgrounds.

The Organization envisions a community where everyone lives in equality—feeling accepted, valued, safe, and free from discrimination and social stigma. This mission and vision guide the Organization's activities, partnerships, and use of resources in support of a more just and affirming society.

Note 2. Summary of Significant Accounting Policies:

Basis of Accounting: The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Essentially, all revenue is recognized when earned and expenses are recognized when incurred. Promises to give are recorded as received.

Basis of Presentation: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> *Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions. These generally result from revenues generated by providing services and receiving unrestricted contributions incurred in providing program-related services, raising contributions, and performing administrative functions.
>
> *Net Assets with Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents: For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with the initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents as of December 31, 2024.

Grants & Accounts Receivable: Receivables consist of grants receivable from government agencies and represent amounts due the Organization in accordance with cost-reimbursement accounts. The allowance, if any, is established based on factors such as historical experience and the age of the account balances. At December 31, 2024, the accounts receivable are fully collectible, therefore no allowance for uncollectable accounts has been recorded.

Note 2. Summary of Significant Accounting Policies (continued):

Prepaid Expenses: Expense items of a nature which will benefit future periods are charged to the prepaid expense account and are amortized over the actual periods benefitted.

Property and Equipment: Acquisitions of property and equipment over $1,000 are capitalized. Property and equipment are stated at cost, or if donated, at the approximate fair market value at the date of donation. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, generally five to seven years for furniture and equipment and fifteen years for building improvements.

Compensated Absences: The Organization accrues unpaid vacation time computed in accordance with the Organization's employment policy. Total accrued compensated absence balance as of December 31, 2024, is $30,676.

Revenue Recognition: Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Expenses are reported as decreases in net assets without restrictions.

Revenue from grants is recognized to the extent of eligible costs incurred up to an amount not to exceed the total grant authorized. Deferred revenue results from grant awards received that are applicable to the subsequent period.

Advertising costs: Advertising costs are expensed as incurred and approximated $28,647 during the year ended December 31, 2024.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among programs and supporting services benefited. Management and general expenses and fund-raising expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

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 that affect certain reported amounts and disclosures. Actual results could differ from those estimates. Significant estimates used in preparing these financial statements include those assumed in computing the estimated future cash flows of accounts receivable and the functional allocation of expenses.

Going Concern: Management evaluates whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period of one year from the date the financial statements are available to be issued.

Note 3. Income Tax Status:

The Organization is a not-for-profit corporation under Internal Revenue Code Section 501(c)(3) and California code 23701(d), whereby it is exempt from income taxes. The Organization's management has evaluated its tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist. The Organization's income tax returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed; and the Franchise Tax Board, generally for four years after they are filed.

Note 4. Concentrations:

Cash: The Organization maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000 per depositor. At December 31, 2024, the Organization had a total of $1,891,959 in excess of the federally insured limit of $250,000 per depositor per financial institution as follows:

	Bank Balance	Less: Insured Amount	Uninsured Amount
JP Morgan Chase Bank	$ 776,910	$ (250,000)	$ 1,026,910
First Pacific Bank	615,049	(250,000)	865,049
Other Banks	7,738	-	-
	$ 1,399,697	$ (500,000)	$ 1,891,959

Management believes the Organization is not exposed to unreasonable risk.

Support and Revenue: The Organization receives a significant portion of its revenues from government grants. Revenues from such sources comprised approximately 72% of total revenue and support during the year ended December 31, 2024. The receivables represent 100% of government grants receivable and are fully recoverable subsequent to year end.

Note 5. Property and Equipment:

Property and equipment for the year ended December 31, 2024, consist of the following:

Building and Improvements	$ 224,090
Office Furniture and Equipment	14,638
Total Property and Equipment	238,728
Less Accumulated Depreciation	(13,130)
Net Property and Equipment	$ 225,598

Depreciation expense for the year ended December 31, 2024, was $11,370.

Note 6. Liquidity and Availability of Financial Assets:

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

Financial Assets at Year End:		
Cash	$	1,399,697
Grants & Accounts Receivable		198,204
Total Financial Assets		1,597,901
Funds Subject to Donor-imposed Restrictions		(311,071)
Financial Assets Available to Meet General Expenditures within One Year	$	1,286,830

Note 7. Net Assets with Donor Restrictions:

Net assets with donor restrictions are comprised of the following:

Fund Name	Beginning of Year	Received	Expended	End of Year
Building Fund	$ -	$ 83,995	$ 329	$ 83,666
Healthy Equity	-	207,319	125,694	81,625
Unserved/Underserved Victim Advocacy and Outreach	-	46,909	194	46,715
Small Business Stimulus	-	125,845	96,500	29,345
LGBTQ Training	-	25,879	3,052	22,827
LGBTQ Emergency Prep	-	18,500	243	18,257
Housing Projects	-	338,970	327,517	11,453
Enhanced Affirming Services	-	309,604	298,267	11,337
Cox Dollars for Doers	-	1,000	-	1,000
Miscellaneous Funds	-	1,060,469	1,055,623	4,846
Totals	$ -	$ 2,218,490	$ 1,907,419	$ 311,071

Note 8. Retirement Plan:

The Organization provides a 401(k) retirement plan for eligible employees. Employees can contribute up to the annual IRS limits. Employer matching contributions are optional and set each year by management. The Organization contributed $11,687 to the plan for the year ended December 31, 2024.

Note 9. Functional Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among programs and supporting services benefited. Management and general expenses and fundraising expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Note 10. Date of Management's Review/Subsequent Events:

On January 1, 2025, subsequent to year-end, the organization purchased a property for $4,600,000. To finance the acquisition, the organization obtained a $3,600,000 loan from First Pacific Bank, with the remaining $1,000,000 paid in cash. The loan bears interest at 7.5% and requires monthly principal and interest payments of $26,854. The loan matures on January 23, 2032.

Management has evaluated subsequent events through August 18, 2025, the date the financial statements were available to be issued. Management is not aware of any other subsequent events that would require adjustment to, or disclosures in, the financial statements.

Pinnacle Accounting
& FINANCIAL SERVICES

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

To the Board of Directors
North County LGBTQ Resource Center
Oceanside, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of North County LGBTQ Resource Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 18, 2025.

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) as a basis for designing 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and which are described in the accompanying schedule of findings and questioned costs as item 2024-001.

North County LGBTQ Resource Center's Response to Findings

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

Pinnacle Accounting & Financial Services

Pinnacle Accounting & Financial Services
Sacramento, CA
August 18, 2025

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

To the Board of Directors of
North County LGBTQ Resource Center
Oceanside, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited North County LGBTQ Resource Center's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2024. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 that we consider to be a material weakness.

The Organization's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Organization's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Pinnacle Accounting & Financial Services

Pinnacle Accounting & Financial Services
Sacramento, CA
August 18, 2025

North County LGBTQ Resource Center
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Agency Grant / Program Titles	Federal Assistance Listing Number		Pass-Through Contract Number		Federal Disbursements / Expenditures
U.S Department of Treasury					
Passed-Through County of San Diego Enhanced and New Access to Innovative Housing and Services Approaches for Vulnerable Popluations Experiencing Homelessness including Affirming Resources for People Identifying as LGBTQ+	21.027	*	569539	$	302,987
Passed-Through County of San Diego Enhanced Affirming Supportive Services for People Identifying as LGBTQ+	21.027	*	569763		298,267
Passed-Through County of San Diego San Diego Small Business Stimulus Program	21.019		-		96,500
Passed-Through County of San Diego Capacity Building Services	21.027	*	568183		22,347
Total U.S Department of Treasury					720,101
U.S Department of Justice					
Passed-Through County of San Diego Unserved/Underserved Victim Advocacy and Outreach Program	16.575		UV23 02 1536		196,906
Passed-Through County of San Diego Specialized Emergency Housing (KE) Program	16.575		TID 392069596		30,518
Total U.S Department of Justice					227,424
U.S. Department of Health and Human Services					
Passed-Through County of San Diego Opioid and Stimulant Education and Outreach in LGBTQ+ Communities Project	93.788		CA23MAT078		137,716
Total U.S. Department of Health and Human Services					137,716
Total Expenditures of Federal Awards				**$**	**1,085,241**

* Denotes major program

North County LGBTQ Resource Center
Notes to Schedule of Expenditures of Federal Awards
December 31, 2024

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of North County LGBTQ Resource Center under programs of the Federal Government for the year ended December 31, 2024. 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note B: Summary of Significant Accounting Policies

Expenditures in 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.

Note C: Indirect Cost Rate

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

Note D: Sub-Recipients

The Organization did not have any sub-recipients of federal awards.

North County LGBTQ Resource Center
Schedule of Findings and Questioned Costs
December 31, 2024

I. Summary of Auditors' Results

FINANCIAL STATEMENTS

(a) Type of report issued on whether the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America: **Unmodified opinion.**

(b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:

- Material weaknesses identified: **Yes**
- Significant deficiencies identified: **No**

(c) Noncompliance material to the financial statements: **No**

FEDERAL AWARDS

(d) Internal control over major programs:

- Material weaknesses identified: **No**
- Significant deficiencies identified: **No**

(e) Type of report issued on compliance for major program: **Unmodified.**

(f) Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a): **No**

(g) Major program:

- U.S Department of Treasury, Passed-Through County of San Diego, Enhanced Affirming Supportive Services for People Identifying as LGBTQ+ (CFDA No: 21.027)
- U.S Department of Treasury, Passed-Through County of San Diego, Enhanced and New Access to Innovative Housing and Services Approaches for Vulnerable Populations Experiencing Homelessness (CFDA No: 21.027)
- U.S Department of Treasury, Passed-Through County of San Diego, Capacity Building Services (CFDA No: 21.027)

(h) Dollar threshold used to distinguish between Type A and Type B programs: **$750,000**

(i) Auditee qualified as a low-risk auditee: **No**

II. Financial Statement Findings

2024-001 Inadequate accounting and review procedures
Repeat Finding: No
Type of Finding: Material weakness
Questioned Costs: $407,450

Criteria: Management is responsible for implementing review processes over transactions and financial statement close procedures.

Condition: The Organizations' internal controls are not adequate to ensure that accounting records, specifically related to deferred revenue, prepaid expenses, depreciation and net assets, are accurate and complete. Due to a lack of management oversight and review procedures, errors related to these areas were not identified and corrected in a timely manner.

Cause: The internal controls over accounting processes and review procedures were not operating effectively.

Effect: Material errors regarding deferred revenue, prepaid expenses, depreciation and net assets were not detected or corrected by management in a timely manner by management.

Recommendation: We recommend that the Organization strengthen its internal control over accounting process. Management should conduct a thorough review regularly to ensure accurate reporting for deferred revenue, prepaid expenses, depreciation and net assets.

Management's Response: The Organization concurs with the finding and has begun implementing corrective action to address the identified issues, including enhancing internal controls and strengthening review procedures to ensure more accurate and timely financial reporting going forward.

III. Findings and Questioned Costs-Major Federal Programs

None identified

IV. Schedule of Prior Year Findings and Questioned Costs

None identified

North County LGBTQ Resource Center
Corrective Action Plan
December 31, 2024

1919 Apple Street, Oceanside, CA 92054 TEL: 760-994-1690

	CORRECTIVE ACTION PLAN			
	In Response to Audit Conducted by Pinnacle Accounting & Financial Services, 12150 Tributary Point Dr #160 Gold River, CA 95670 - for North County LGBTQ Resource Center 2024			
	Finding/Observation	**Corrective Action(s)**	**Responsible Person**	**Target Completion Date**
FIND:2024-001	Material errors regarding the accounting reports were not detected or corrected in a timely manner.	The Organization concurs with the finding and has begun implementing corrective action to address the identified issues, including enhancing internal controls and strengthening review procedures to ensure more accurate and timely financial reporting going forward.	a) Executive Director- Max Disposti b) Grant Accountant- Jessica Fairchild	December-25