

**Audited Financial Statements
and Supplementary Information**



December 31, 2024

Quigley & Miron

RealOptions
Audited Financial Statements and Supplementary Information
Table of Contents
December 31, 2024

	<u>Page Number</u>
Independent Auditor's Report	2
Audited Financial Statements	
Statement of Financial Position.....	4
Statement of Activities.....	5
Statement of Functional Expenses.....	6
Statement of Cash Flows.....	7
Notes to Financial Statements.....	8
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	19
Notes to Schedule of Expenditures of Federal Awards.....	20
Summary Schedule of Prior Audit Findings.....	21
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 <i>Government Auditing Standards</i>	22
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance.....	24
Schedule of Findings and Questioned Costs.....	27

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Independent Auditor's Report

Board of Directors
RealOptions
San Jose, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of RealOptions (Organization), a nonprofit organization, which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2024, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAGAS 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 GAAS 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.

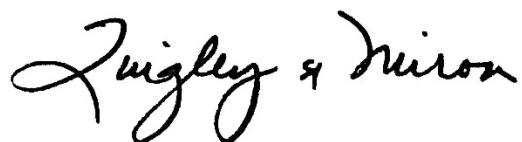
Other Matter

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 is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 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 report dated October 16, 2025, on our consideration of the Organization's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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.



RealOptions
Statement of Financial Position
Year Ended December 31, 2024

Assets

Cash and cash equivalents	\$	803,789
Restricted cash held for endowment		6,914
Investments—Note 5		171,137
Pledges and grants receivable, net—Note 6		35,816
Government grants receivable		43,326
Prepaid expenses		4,247
Deposits		23,046
Property and equipment, net—Note 7		385,580
Operating lease right-of-use asset—Note 9		952,932

Total Assets	\$	<u>2,426,787</u>
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Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$	63,448
Salaries and employee benefits payable		179,665
Operating lease liability—Note 9		996,587

Total Liabilities	1,239,700
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Net Assets

Without donor restrictions—Note 10	1,135,001
With donor restrictions—Note 11	52,086

Total Net Assets	<u>1,187,087</u>
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Total Liabilities and Net Assets	\$	<u>2,426,787</u>
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See notes to financial statements.

RealOptions
Statement of Activities
Year Ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities			
Support and Revenue			
Contributions and grant income	\$ 2,277,464	\$ 5,569	\$ 2,283,033
Government grants	879,671		879,671
Special events			
Gross revenue	825,881	35,816	861,697
Less cost of direct benefit to donors	(215,055)		(215,055)
Special Events, Net	610,826	35,816	646,642
In-kind contributions—Note 13	19,435		19,435
Program income	182,482		182,482
Interest and dividend income—Note 5	46,224	260	46,484
Other revenue	65		65
Net assets released from restrictions	63,182	(63,182)	
Total Support, Revenue, and Releases from Restrictions	4,079,349	(21,537)	4,057,812
Expenses			
Reproductive healthcare services	4,299,969		4,299,969
Management and general	404,632		404,632
Fund development	406,202		406,202
Total Expenses	5,110,803		5,110,803
Change in Net Assets from Operations	(1,031,454)	(21,537)	(1,052,991)
Nonoperating Activities			
Investment return, net—Note 5	4,290	441	4,731
Total Nonoperating Activities	4,290	441	4,731
Change in Net Assets	(1,027,164)	(21,096)	(1,048,260)
Net Assets at Beginning of Year as Previously Reported	2,034,986	73,182	2,108,168
Prior period restatement—Note 3	127,179		127,179
Net Assets at Beginning of Year, as Restated	2,162,165	73,182	2,235,347
Net Assets at End of Year	\$ 1,135,001	\$ 52,086	\$ 1,187,087

See notes to financial statements.

RealOptions
Statement of Functional Expenses
Year Ended December 31, 2024

	Reproductive Healthcare Services	Management and General	Fund Development	Special Events	Total
Expenses					
Salaries	\$ 2,330,199	\$ 164,484	\$ 246,727	\$	\$ 2,741,410
Payroll taxes	181,938	12,843	19,263		214,044
Employee benefits	141,044	9,956	14,934		165,934
Total Personnel Expenses	2,653,181	187,283	280,924		3,121,388
Professional fees	465,252	55,239	48,715		569,206
Occupancy	394,718	70,847	40,484		506,049
Marketing and outreach	375,886				375,886
Cost of direct benefit to donors				215,055	215,055
Supplies and minor equipment	84,646	15,193	8,682		108,521
Depreciation	47,145	8,462	4,835		60,442
Travel and conferences	48,460	3,421	5,131		57,012
Dues and subscriptions	46,049	3,251	4,876		54,176
Bank and merchant fees		43,096			43,096
Services and practical support	33,130	5,946	3,398		42,474
Staff and volunteer training	39,100				39,100
Printing and publications	29,246	2,064	3,097		34,407
Insurance	24,786	4,449	2,542		31,777
Medical supplies	24,287				24,287
Telecommunications	16,791	3,014	1,722		21,527
Licenses, permits, and fees	10,532	1,890	1,080		13,502
Other expenses	6,394	451	677		7,522
Postage and delivery	366	26	39		431
Total Expenses by Function	4,299,969	404,632	406,202	215,055	5,325,858
Less expenses included with revenues on the statement of activities					
Cost of direct benefits to donors				(215,055)	(215,055)
Total Expenses	\$ 4,299,969	\$ 404,632	\$ 406,202	\$	\$ 5,110,803

See notes to financial statements.

RealOptions
Statement of Cash Flows
Year Ended December 31, 2024

Cash Flows from Operations

Change in net assets	\$ (1,048,260)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	60,442
Non-cash lease expenses	216,996
Investment gains	(9,637)
Changes in operating assets and liabilities:	
Pledges and grants receivable, net	27,366
Government grants receivable	83,853
Prepaid expenses	1,134
Accounts payable and accrued expenses	(7,602)
Salaries and employee benefits payable	(14,292)
Operating lease liabilities	(202,507)
Cash Used in Operating Activities	(892,507)

Cash Flows from Investing Activities

Purchases of investments	(91,832)
Proceeds from sales and maturities of investments	275,385
Cash Provided by Investing Activities	183,553

**Net Decrease in Cash, Cash Equivalents,
and Restricted Cash (708,954)**

**Cash, Cash Equivalents, and Restricted Cash
at Beginning of Year**

1,519,657

**Cash, Cash Equivalents, and
Restricted Cash at End of Year \$ 810,703**

Supplementary Disclosures

Income taxes paid	\$
Interest paid	\$

See notes to financial statements.

RealOptions
Notes to Financial Statements
December 31, 2024

Note 1—Organization

Organization—RealOptions (Organization) is a California not-for-profit corporation, incorporated in 1981 in the State of California. The Organization provides compassionate, comprehensive, high quality holistic healthcare, support services, optimal health education, and pregnancy loss healing to women, men, students, and families. They have five licensed medical clinic locations serving Alameda, San Mateo, and Santa Clara Counties devoted to caring for patients physically, emotionally, and spiritually. We offer a broad spectrum of prevention, intervention, and restorative services to the community positively impacting thousands of students and families each year. The Organization has a holistic approach to health care and is committed to meeting our patient's physical, emotional, and spiritual needs. They provide well woman care, STD testing and treatment, pregnancy option consultations, pregnancy tests, ultrasound imaging, prenatal care, abortion pill reversal treatment, childbirth and parenting classes, and material support in the form of maternity clothing, emergency formula, diapers, and new car seats. They also provide pregnancy loss healing programs to anyone impacted by miscarriage or abortion, as well as Optimal Health Education in schools, youth groups, and community organizations for fifth through twelfth grade students and their parents.

In 2024 RealOptions safeguarded the lives of 6,406 women, men, students and preborn babies through our medical clinics, RealTalk Education, and Reproductive Loss Healing programs. Through our medical clinics we served 1,820 unique patients with life affirming services which included: 1,299 pregnancy tests, 2,355 ultrasounds, 326 STD screenings, 1,299 pregnancy options consultations, 432 prenatal exams, 4 abortion pill reversal treatments, 251 well woman exams, 26 grief care appointments, and over 18,747 material support items given to families in need. These numbers represent 7,540 patient encounters for medical and non-medical services and support.

In 2024 RealOptions completed year four of our Title V, Sexual Risk Avoidance Education grant, the first in our 44 year history, and we were awarded another two-year grant cycle. We also completed year one of the SRAE grant, another first in the history of RealOptions. This Award widened our reach to local and under-served students in Santa Clara and Alameda Counties for Optimal Health Education which includes Healthy Relationship and Sexual Risk Avoidance curriculums. In 2024 we provided 678 presentations to reach 1,962 students, faculty, and parents at 32 schools and organizations, with a total of 14,122 total hours of student impact. Through 2024, RealOptions operated clinics serving San Mateo, Alameda, and Santa Clara Counties of the SF Bay Area. We were able to grow the number of people who served in these communities through our community outreach team and by employing comprehensive digital marketing programs. RealOptions' College Campus Outreach to San Jose State University and UC Berkeley campuses gave out 518 pregnancy tests with a coupon for a free ultrasound in one of our medical clinics, had 300 meaningful conversations to support students, and 164 students came to our medical clinics for services.

In 2024 our Reproductive Loss Healing Programs impacted 197 people (women & men) who came to our retreats and weekly online support groups. We serve these groups in both Spanish and English. We also brought healing ministry to the Teen Challenge program for 30 participants and those in the Made New program.

In 2024, we continued to utilize our Benevolence Committee to oversee the distribution of funds to help patients with desperate financial needs. The Committee consists of our Director of Operations & HR, our Senior Director of Community Outreach, and a donor who is a previous board member. Patients must file a simple but detailed application for assistance. Once an application is approved by the Committee the funds are paid directly to their needed request (ie: gas bill, landlord for rent, etc.)

RealOptions

Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of the Organization and changes therein are presented and reported as follows:

Net Assets without Donor Restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization'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; such restrictions that may or will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. It is the policy of the Organization to record contributions that are restricted by the donor as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of the Organization's reproductive healthcare services; nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Income Taxes—The Organization is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code). The Organization is similarly exempt from California franchise tax under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for federal or state income taxes is included in the financial statements.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2024. Generally, the Organization's information returns remain open for examination for periods of three (federal) or four (state of California) years from the date of filing.

Recently Adopted Accounting Principle—In June 2016 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Credit Losses (Topic 326)*. This standard requires organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. The standard affects organizations that hold financial assets and net investments in leases that are not accounted for at fair value with changes in fair value reported in net income, including loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The Organization adopted ASU No. 2016-13 on a retrospective basis for the year ended December 31, 2024, and noted that there was no material effect on the financial statements.

RealOptions

Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Contracts with Customers—Accounting standards require an organization to recognize revenue arising from contracts with customers at the time the customer obtains control of a contracted goods or service. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Cash, Cash Equivalents, and Restricted Cash—Cash and cash equivalents consist of cash on premises generated through the course of daily activities and cash on deposit with banks as well as money market funds or short-term investments held at financial institutions, with original maturities of three months or less from the date of purchase. Restricted cash consists of cash funds held for endowment.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position to the cash, cash equivalents, and restricted cash total shown in the statement of cash flows at December 31, 2024:

**Cash Accounts Reported in Statement
of Financial Position**

Cash and cash equivalents	\$ 803,789
Restricted cash held for endowments	6,914

Total Cash, Cash Equivalents, and Restricted Cash Reported in Statement of Cash Flows	\$ 810,703
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Restricted cash held for endowment on the statement of financial position includes restricted cash received with a donor-imposed restriction that limits the use of that cash for long-term purposes.

Concentration of Credit Risk—Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, investments in securities, and receivables.

The Organization places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Such cash balances may exceed FDIC insurance limits during the normal course of business.

Cash held in investment accounts at investment custodians is insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the investments in securities are insured up to \$500,000, per institution. SIPC insurance protects the custody function of the investment custodian; it does not provide protection against fluctuations in the market value.

The Organization is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. The Organization's management has assessed the credit risk associated with its cash deposits and investments held at December 31, 2024 and believes it is not exposed to any significant credit risk with its cash and cash equivalents and investments.

Allowance for Credit Losses—The Organization has set a 10% allowance for credit losses to account for uncollectible amounts for pledges received during its fundraising events. This rate was determined based upon the prior history of collections.

RealOptions

Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Investments—Investments in securities are initially recorded at cost, if purchased, or fair market value, if received as a contribution. Subsequent to acquisition, investments in securities are reported at fair value. Investment income, gains and losses are reported as unrestricted income unless use of the earnings is restricted by the donor.

Property and Equipment—Purchased property and equipment are recorded at cost, and donated assets are recorded at the estimated fair value on the date of receipt. The Organization depreciates its property and equipment using the straight-line-method over the following estimated useful lives:

Furniture, fixtures and equipment	3-10 years
Building improvements	10-20 years
Buildings	55 years
Exhibition and media development costs	5-10 years

The Organization follows the practice of capitalizing all expenditures of property in excess of \$5,000.

Repairs and maintenance costs are expensed as incurred. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used and gifts of cash or other assets that must be used to acquire and maintain long-lived assets are reported as restricted support. Absent explicit donor stipulations, the Organization reports expirations of donor restrictions when such long-lived assets are placed in service.

Contributions and Grants—Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition—The Organization's revenue recognition policies are as follows:

Government grants—Revenues from government grants are reported as increases in net assets without donor restrictions, when allowable expenditures under such agreements are incurred. The amounts expended in excess of reimbursements are reported as pledges and grants receivable. Amounts received in excess of amounts expended are recorded as deferred revenue.

Special event income—Special event income is recognized when such income is received. A portion of the gross special event proceeds paid by the participants represents payment for the direct cost of benefits received by the participants at the event. The Organization values such benefits at the actual cost.

Program income—Revenues from services revenue are recognized at the time services are provided.

Interest and dividend income—Interest and dividend income is recognized when received and is reported under revenues and support in the statement of activities.

In-Kind Contributions—The Organization records the value of donated materials and services at their fair value at the date of donation. In-kind services are recorded only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services are fully utilized for the Organization's reproductive health services, and are reported without donor restriction, unless otherwise noted. The Organization measures donated services using comparable market rates for the services rendered.

RealOptions

Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Functional Expenses—The costs of providing the various program and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been directly charged to the program services and supporting services benefitted. Occupancy, depreciation, supplies and minor equipment, telecommunications, insurance, and taxes, licenses, permits and fees are allocated based upon square footage. Salaries, payroll taxes, other employee benefits, professional fees, printing and publications, other expenses, dues and subscriptions, travel, meetings, and memberships, and postage and delivery are allocated on the basis of time and effort. All other functional expenses are charged directly to the function benefitted.

Marketing and Outreach—Marketing and outreach costs are expensed as incurred and amounted to \$375,886 for the year ended December 31, 2024.

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 certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3—Prior Period Restatement

During the year ended December 31, 2024, it was determined that certain government grants receivable related to the year ended December 31, 2023, were record as government grant income in the year ended December 31, 2024. As a result, an audit adjustment of \$127,179 was made to increase beginning government grants receivable and net assets without donor restrictions.

Note 4—Availability and Liquidity

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses.

The following represents the availability and liquidity of the Organization's financial assets at December 31, 2024 to cover operating expenses for the next fiscal year:

Cash and cash equivalents, net of donor restrictions	\$	798,220
Pledges and grants receivable, net		35,816
Current Availability of Financial Assets	\$	<u>834,036</u>

The Board-designated investment fund totaled \$81,350 at December 31, 2024, and is available for appropriation for any necessary expenditures (see Note 12).

RealOptions

Notes to Financial Statements—Continued

Note 5—Investments and Fair Value Measurements

In determining the fair value of assets and liabilities, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Organization determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the Organization at the measurement date.

Level 2—Valuations based on observable inputs (other than Level 1), such as quoted prices for similar assets at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement, and involve management judgment.

The Organization may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by the Organization to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. The Organization had no assets or liabilities classified at NAV as a practical expedient during the year ended December 31, 2024.

Investments measured on a recurring basis at December 31, 2024 consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 44,168	\$ 44,168	\$	\$
Exchange traded funds	97,157	97,157		
Mutual funds	29,812	29,812		
Totals	\$ 171,137	\$ 171,137	\$	\$

Investment return for the year ended December 31, 2024 is as follows:

Unrealized investment gain	\$ 9,637
Investment management fees	(4,906)
Investment Return, Net	4,731
Interest and dividend income	46,484
Total Return on Investment	\$ 51,215

Note 6—Pledges and Grants Receivable, Net

Net pledges and grants receivable at December 31, 2024 are as follows:

Due within 1 year	\$ 40,700
Less allowance for doubtful accounts	(4,884)
Pledges and Grants Receivable, Net	\$ 35,816

RealOptions
Notes to Financial Statements—Continued

Note 7—Property and Equipment, Net

The major classes of property and equipment, net at December 31, 2024 are as follows:

Leasehold improvements	\$	580,134
Equipment and furniture		<u>552,816</u>
Total Property and Equipment		1,132,950
Less accumulated depreciation		<u>(747,370)</u>
Property and Equipment, Net	\$	<u>385,580</u>

Total depreciation expense recorded for the year ended December 31, 2024 was \$60,442.

Note 8—Contingencies

In the ordinary course of business, the Organization may be involved in legal proceedings and regulatory investigations. In September 2023, the California Attorney General filed a lawsuit against the Organization seeking to block the Organization from advertising abortion pill reversal as safe and effective. The lawsuit seeks an unspecified amount of monetary and non-monetary relief and substantial post judgement judicial supervision.

Management believes that the outcome of such matters existing at December 31, 2024 will be resolved without material adverse effect on the Organization's future financial position, changes in net assets, or cash flows.

Note 9—Operating Lease

In October 2022, the Organization signed a lease agreement for office space, under an operating lease agreement which expires October 2030. The lease calls for monthly payments escalating each year from \$11,291 to \$15,260 over the term of the lease.

In April 2023, the Organization renewed a lease agreement for office space for a term of three years. The lease calls for monthly payments escalating each year from \$6,000 to \$6,556 over the term of the lease.

Recorded operating lease right-of-use asset and operating lease liability related to the above lease agreements at December 31, 2024 are as follows:

Operating lease right-of-use asset	\$	<u>952,932</u>
Operating lease liability	\$	<u>996,587</u>

RealOptions**Notes to Financial Statements—Continued****Note 9—Operating Lease—Continued**

Future minimum annual rental commitments by year for these operating leases with maturity greater than one year from December 31, 2024 are as follows:

<u>Year Ending December 31,</u>	
2025	\$ 227,955
2026	229,121
2027	163,878
2028	170,433
2029	177,251
Thereafter	152,600
Gross Rental Payments	1,121,238
Less effect of discounting at 2.9%	(124,651)
Operating Lease Liability	\$ 996,587

The Organization leases two additional locations under non-cancellable lease agreements with month-to-month leases totalling \$10,316.

Occupancy expense for the year ended December 31, 2024 was \$506,049.

Note 10—Net Assets without Donor Restrictions

Net assets without donor restrictions at December 31, 2024 are as follows:

Board designated endowment funds	\$ 81,350
Undesignated	1,053,651
Total Net Assets without Donor Restrictions	\$ 1,135,001

Note 11—Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2024 consist of the following:

Subject to purpose restrictions:	
Medical Training	\$ 4,177
Benevolence fund	1,392
Subject to time restrictions	
General support	35,816
Held in perpetuity	
General support	10,000
Subject to appropriation	701
Total Net Assets with Donor Restrictions	\$ 52,086

RealOptions

Notes to Financial Statements—Continued

Note 11—Net Assets with Donor Restrictions—Continued

Net assets released from donor restrictions for the year ended December 31, 2024 are as follows:

Satisfaction of passage of time	
General support	\$ 63,182
Total Net Assets Released from Donor Restrictions	\$ 63,182

Note 12—Endowment Net Assets

In 2009, the State of California adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

The Organization classifies net assets held in perpetuity (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 at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets held in perpetuity is classified as net assets subject to appropriation and expenditure until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of the Organization

Return Objectives and Risk Parameters—The Organization has adopted an investment policy with the primary investment objective to maximize total return, while assuming an appropriate level of risk given the nature of the funds under management. The goal is to produce a growing level of income and principal to ensure funding for the activities supported by the endowment can be maintained in the face of inflation.

Strategies Employed for Achieving Objectives—To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term objectives within prudent risk restraints. The Board is aware that there is an implicit understanding that the market value of the donor-restricted endowment may, from time to time, fall below the fair value of the original gift as of the gift date due to market conditions or continued prudent expenditures by the Board of certain amounts of the endowment. If such a temporary deficit occurred, the Board would take all prudent steps, given ongoing market conditions, to restore the fair value of the fund to an amount at or above the amount of the original gift.

RealOptions
Notes to Financial Statements—Continued

Note 12—Endowment Net Assets—Continued

Endowment net assets at December 31, 2024 consisted of the following:

	Board Designated	Subject to Appropriation	Held in Perpetuity	Total
Board designated funds	\$ 81,350	\$	\$	\$ 81,350
With donor restrictions		701	10,000	10,701
Endowment Net Assets at December 31, 2024	\$ 81,350	\$ 701	\$ 10,000	\$ 92,051

Change in endowment net assets for the year ended December 31, 2024 consists of:

	Board Designated	Subject to Appropriation	Held in Perpetuity	Total
Endowment Net Assets at December 31, 2023	\$ 159,048	\$	\$ 10,000	\$ 169,048
Interest and dividend income	4,132	260		4,392
Investment gains	8,584	540		9,124
Investment expenses	(1,569)	(99)		(1,668)
Total Investment Return on Endowment Funds	11,147	701		11,848
Contributions	11,155			11,155
Appropriation of expenditure	(100,000)			(100,000)
Endowment Net Assets at December 31, 2024	\$ 81,350	\$ 701	\$ 10,000	\$ 92,051

Note 13—In-Kind Contributions

During the year ended December 31, 2024, the Organization recognized in-kind contributions without donor restrictions of program outreach items. The value of these items are recorded at the costs incurred by donor, and are used in the Organization's Reproductive Healthcare Services program.

For the year ended December 31, 2024, in-kind contributions are reported in the statement of functional expenses under the marketing and outreach caption.

Note 14—Retirement Plan

The Organization sponsors a 403(b) defined contribution plan (Plan). The Plan covers all full-time employees immediately upon employment. The Organization did not make any contributions to the plan during the year ended December 31, 2024.

RealOptions**Notes to Financial Statements—Continued****Note 15—Subsequent Events**

Management evaluated all activities of RealOptions through October 16, 2025, which is the date the financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.

RealOptions
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor/Pass-Through Program / Cluster Title	Federal Assistance Listing Number	Grantor's Number	Grant Amount	Grant Period	Expenditures
Department of Health and Human Services					
Sexual Risk Avoidance Education Direct Award					
	93.060	90SR0184-02-00	\$ 450,000	9/30/24-9/29/25	\$ 394,937
	93.060	90SR0184-01-00	450,000	9/30/23-9/29/24	75,300
Total Assistance Listing No. 93.060					470,237
Title V Sexual Risk Avoidance Education Program (Discretionary Grants)					
Direct Award					
	93.787	90TS0085-02-00	450,000	9/30/24-9/29/25	332,905
	93.787	90TS0085-01-00	405,022	9/30/23-9/29/24	76,529
Total Assistance Listing No. 93.787					409,434
Total Department of Health and Human Services					879,671
Total Federal Awards					\$ 879,671

See notes to schedule of expenditures of federal awards.

RealOptions
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Note A—Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of RealOptions under programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with 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). Because the schedule presents only a selected portion of the operations of RealOptions, it is not intended to and does not present the financial position, changes in net assets, or cash flows of RealOptions.

Note B—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. Any negative amounts shown on the schedule represent adjustments or credits made in the normal course of operations to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note C—Indirect Cost Rate

RealOptions has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

RealOptions
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2024

There were no prior year audit findings.

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**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***

Board of Directors
RealOptions
San Jose, California

We have audited 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* (GAGAS), issued by the Comptroller General of the United States, the financial statements of RealOptions (Organization), which comprise the statement of financial position as of December 31, 2024, 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 our report thereon dated October 16, 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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a significant deficiency, or combination of significant deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2024-001 to be a material weakness.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

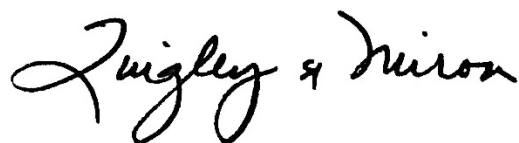
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 an instance of noncompliance or other matter that is required to be reported under GAGAS and which is described in the accompanying schedule of findings and questioned costs as 2024-002.

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 GAGAS in considering the Organization's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Campbell, California
October 16, 2025

A handwritten signature in black ink, reading "Twiggley & Miron". The signature is written in a cursive, flowing style.

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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Board of Directors
RealOptions
San Jose, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited RealOptions's (Organization) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended December 31, 2024. Organization's major federal programs are identified in the summary of auditor's 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 its major federal award 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAGAS); 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 Auditor's 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.

Auditor's 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 GAAS, GAGAS, 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 GAAS, GAGAS, 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-002. Our opinion on each major federal program is not modified with respect to these matters. Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a material weakness.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. the Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, reading "Twigley & Miron". The signature is written in a cursive, flowing style.

Campbell, California
October 16, 2025

RealOptions
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of RealOptions were prepared in accordance with accounting principles generally accepted in the United States of America.
2. A material weakness relating to internal control over financial reporting was identified during the audit. No instances of significant deficiency relating to internal control over financial reporting were identified during the audit.
3. An instance of noncompliance material to the financial statements of RealOptions was identified during the audit.
4. A material weakness relating to internal control over major programs was identified during the audit of the major federal award program.
5. The auditor's report on compliance for the major federal award programs of RealOptions expresses an unmodified opinion.
6. All audit findings that are required to be reported in accordance with Title 2 U.S. *Code of Federal Regulations* section 200.516(a) are reported in this schedule.
7. The program tested as a major program was the Department of Health and Human Services (HHS), Title V Sexual Risk Avoidance Education Program (Discretionary Grants), Assistance Listing No. 93.787.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. RealOptions was determined not to be a low-risk auditee.

B. Findings—Financial Statement Audit

See schedule of findings following, detailing finding 2024-001.

C. Findings and Questioned Costs—Major Federal Award Programs

See schedule of findings following, detailing finding 2024-002.

RealOptions
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

B. Findings— Financial Statements Audit

Finding 2024-001: Government Grants Receivable and Related Government Grant Income

Material Weakness over Financial Reporting

Criteria: Per FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, GAAP requires revenue to be recognized when earned, and a receivable to be recorded if payment has not yet been collected.

Condition: Specific invoices for services performed from government grants prior to December 31, 2023, were not recorded in the proper accounting period.

Context: In the preparation for the Organization's first single audit and first financial statement audit under government auditing standards, it was noted revenue related to certain government grant invoices should have been recorded in the prior period.

Cause: The Organization's internal controls failed to ensure timely recording of earned revenue from government grants, possibly due to a reliance on non-GAAP cash-basis or modified cash-basis accounting.

Effect or Potential: Government grants receivable at December 31, 2023 have been restated to correct the error, resulting in an increase of government grants receivable and net assets with donor restrictions of \$127,179, and a decrease government grant revenue for the year-ended December 31, 2024 in the same amount.

Recommendation: We recommend the Organization stay current on GAAP issues and establish policies and procedures to ensure that all earned revenue is identified and recognized as well as educate the accounting staff on the proper application of GAAP and the full accrual basis of accounting.

Views of the Responsible Officials and Planned Corrective Actions: The Organization agrees with the finding and will implement recommended procedures immediately.

RealOptions
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

C. Findings and Questioned Costs—Major Federal Award Program

Finding 2024-002:

Information on the Federal Program:

<i>Compliance Requirements:</i>	Other—Schedule of Expenditure of Federal Awards Preparation
<i>Type of Finding:</i>	Material Noncompliance and Material Weakness in Internal Control over Compliance.

Criteria: 2 CFR 200.510 indicates that the auditee must prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee's financial statements which must include the total federal awards expended as determined in accordance with 200.502 *Basis for Determining Federal Awards Expended*. Per 2 CFR 200.502, the determination of when a federal award is expended should be based on when the activity related to the federal award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with federal statutes, regulations, and the terms and conditions of federal awards, such as: expenditure/expense transactions associated with awards. In addition, 2 CFR Part 200.303 requires the program establish and maintain effective internal controls over federal awards that provide reasonable assurance of compliance with federal statutes, regulations, and the terms and conditions of federal awards.

Condition: The Organization failed to prepare a complete and accurate SEFA for the year ended December 31, 2024. The SEFA is a required supplementary schedule that provides detailed information on all federal awards received and expended during the fiscal year, in accordance with 2 CFR 200.510.

Cause: The noncompliance resulted from a deficiency in the Organization's internal controls. The Organization does not have established policies and procedures to ensure all federal awards are properly identified, tracked, and included in the SEFA preparation process.

Effect or Potential Effect: Due to the control deficiencies described above, if not for auditor assistance, inaccurate expenditures result in a high risk that material noncompliance with federal regulations could occur and not be detected and corrected in a timely manner; inaccurate reporting to federal agencies on the Organization's federal expenditures; and persistent noncompliance can lead to potential loss of funding.

Questioned costs: No questioned costs were identified as a result of this compliance finding.

Context: The Organization mistakenly omitted to report expenditures of federal award expenditures on an accrual basis under the Sexual Risk Avoidance, ALN 93.060, and Title V Sexual Risk Avoidance Education Program (Discretionary Grants), ALN 93.787.

Recommendation: We recommend that the Organization establish formal procedures to ensure SEFA preparation along with all federally funded contracts included in the SEFA as expenditures; implement a robust process to track all federal awards under government auditing standards, provide training on Uniform Grant Guidance, including SEFA preparation; perform management review to ensure the SEFA is accurate, complete, and prepared in a timely manner.

Views of responsible officials and planned corrective actions: Management acknowledges the omission of the auditee's prepared SEFA. Management is committed to properly preparing the SEFA, and to address this oversight, management will identify trainings for accounting personnel related to SEFA reporting and for those reviewing the schedule, to ensure its accuracy.