



**CASA OF SAN MATEO COUNTY**  
*(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)*

**FINANCIAL STATEMENTS**

**WITH**

**INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED JUNE 30, 2023**

**CASA OF SAN MATEO COUNTY**

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**JUNE 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
CASA OF SAN MATEO COUNTY

### Opinion

We have audited the accompanying financial statements of CASA OF SAN MATEO COUNTY (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CASA OF SAN MATEO COUNTY as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 CASA OF SAN MATEO COUNTY 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 CASA OF SAN MATEO COUNTY's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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, 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 CASA OF SAN MATEO COUNTY'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 CASA OF SAN MATEO COUNTY'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.



*Tryna Accountancy Corporation*

Oakland, California  
November 28, 2023

**CASA OF SAN MATEO COUNTY**

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 742,128	\$ 206,953	\$ 949,081
Pledges receivable, current	67,401	65,000	132,401
Investments	2,888,485	-	2,888,485
Prepays and other assets	2,660	-	2,660
TOTAL CURRENT ASSETS	3,700,674	271,953	3,972,627
Pledges receivable, noncurrent	-	65,000	65,000
Property and equipment, net	22,600	-	22,600
TOTAL ASSETS	\$ 3,723,274	\$ 336,953	\$ 4,060,227
<b>LIABILITIES</b>			
Accounts payable	20,601	-	20,601
Accrued expenses	84,749	-	84,749
Refundable advances	138,160	-	138,160
TOTAL LIABILITIES	243,510	-	243,510
<b>NET ASSETS</b>			
Without donor restrictions	3,479,764	-	3,479,764
With donor restrictions			
Purpose and time restrictions	-	336,953	336,953
TOTAL NET ASSETS	3,479,764	336,953	3,816,717
TOTAL LIABILITIES and NET ASSETS	\$ 3,723,274	\$ 336,953	\$ 4,060,227

See independent auditor's report and accompanying notes to financial statements.

**CASA OF SAN MATEO COUNTY**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 599,712	\$ -	\$ 599,712
Grants	597,258	559,620	1,156,878
Government	415,680	-	415,680
In-kind rent	151,608	-	151,608
Investment return	74,162	-	74,162
Interest	24,815	-	24,815
Special events	328,743	-	328,743
Service charges	3,000	-	3,000
Net assets released from restrictions	319,667	(319,667)	-
Total support and revenue	2,514,645	239,953	2,754,598
<b>EXPENSES</b>			
Program services	1,324,090	-	1,324,090
Management and general	269,560	-	269,560
Fundraising	455,494	-	455,494
Total expenses	2,049,144	-	2,049,144
<b>CHANGE IN NET ASSETS</b>			
Net assets, beginning of year before adjustment	3,327,865	111,333	3,439,198
Prior year adjustment	(313,602)	(14,333)	(327,935)
Net assets, beginning of year adjustment	3,014,263	97,000	3,111,263
Net assets, end of year	\$ 3,479,764	\$ 336,953	\$ 3,816,717

See independent auditor's report and accompanying notes to financial statements.

**CASA OF SAN MATEO COUNTY**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2023**

	<u>Program</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 776,963	\$ 140,769	\$ 278,032	\$ 1,195,764
Employee benefits	108,003	19,315	34,617	161,935
Payroll taxes	62,174	11,277	22,269	95,720
Professional services	-	16,750	-	16,750
Contractor services	99,236	36,590	6,632	142,458
IT operations	31,244	4,350	7,835	43,429
Dues and fees	173	7,957	4,963	13,093
Insurance	5,641	977	1,786	8,404
Travel and meals	10,025	99	190	10,314
Office supplies	29,236	3,071	5,143	37,450
Utilities	4,969	852	2,758	8,579
Occupancy	123,200	20,016	36,438	179,654
Marketing and fundraising	2,192	157	12,050	14,399
Volunteer expenses	58,288	465	177	58,930
Special events	-	-	37,188	37,188
Other	7,415	5,830	3,657	16,902
Depreciation	5,331	1,085	1,759	8,175
<b>Total expenses</b>	<b>\$ <u>1,324,090</u></b>	<b>\$ <u>269,560</u></b>	<b>\$ <u>455,494</u></b>	<b>\$ <u>2,049,144</u></b>

See independent auditor's report and accompanying notes to financial statements.

**CASA OF SAN MATEO COUNTY**

**STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	705,454
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Donated stock		(180,525)
Unrealized gain		(48,431)
Depreciation expense		8,175
(Increase) decrease in operating assets:		
Pledges receivable		(119,361)
Increase (decrease) in operating liabilities:		
Accounts payable		8,239
Accrued expenses		16,299
Refundable advance		138,160
		528,010
NET CASH (USED)/PROVIDED BY OPERATING ACTIVITIES		528,010

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment		(10,648)
Purchase of investment, net		(2,015,436)
Proceeds from sales investment		12,063
NET CASH (USED)/PROVIDED BY INVESTING ACTIVITIES		(2,014,021)

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1,486,011)
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Cash and cash equivalents, beginning of the year		
With donor restrictions		17,333
Without donor restrictions		2,417,759
Total cash and cash equivalents, beginning of the year		2,435,092
Cash and cash equivalents, end of year		
With donor restrictions		206,953
Without donor restrictions		742,128
Total cash and cash equivalents, end of the year	\$	949,081

See independent auditor's report and accompanying notes to financial statements.



## CASA OF SAN MATEO COUNTY

### NOTES TO FINANCIAL STATEMENTS

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#### **NOTE 1: NATURE OF ACTIVITIES**

CASA OF SAN MATEO COUNTY (the Organization), was incorporated in March 10, 2010, as a California nonprofit public benefit corporation that operates in Redwood City, California. The Organization is a Court Appointed Special Advocates program with a strong presence in San Mateo County for over twenty years, first as part of a two-county CASA program and as a stand-alone program since 2006.

The Organization recruits, trains, and supports adult community volunteers who are assigned to advocate for youth, who are in the child welfare or juvenile justice system. These volunteers are often the only consistent adults spending time with and advocating for youth who find themselves in the foster care and juvenile justice systems. The Organization volunteers focus on the needs and best interests of children, providing stability as children and their families navigate traumatic circumstances. Specifically, the mission is to ensure that all children under the protection of the court because of abuse or neglect have a consistent and caring adult who speaks on their behalf and helps them reach their full potential.

#### **NOTE 2: PROGRAM SERVICES**

The Organization served approximately hundreds of children and youth with approximately 172 volunteers. The Organization has one program with numerous activities to support the youth, including but not limited to the following:

- At a minimum, weekly contact
- Identification of social, emotional, physical, developmental, and educational needs
- Advocating to have needs met in a timely and appropriate manner
- Monitoring a child's well-being and safety in their placement(s)
- Overseeing and supporting academic progress
- Engaging children in enrichment activities
- Facilitating information sharing among professionals
- Writing reports to the Court to help guide judicial decision-making
- Serving as child's mentor and advocate
- Providing consistent support during traumatic events and transitions, such as change in home placements, schools, and caregivers

### **NOTE 3: SIGNIFICANT ACCOUNTING POLICIES**

#### *Adoption of New Accounting Pronouncement*

The Organization adopted Accounting Standards Codification (“ASC”) 842, “Leases” (“ASC 842”) for the year ended June 30, 2023, using the modified retrospective transition method and used the effective date as the date of initial application. The Organization elected the “package of practical expedients,” which permits not to reassess under ASC 842 prior conclusions about lease identification, lease classification and initial direct costs. The Organization made a policy election not to separate non-lease components from lease components, therefore, the Organization accounts for lease and non-lease components as a single lease component. The Organization elected the short-term lease recognition exemption for all leases that qualify.

The Organization determines if a contract contains a lease at inception of the arrangement based on whether there is the right to obtain substantially all of the economic benefits from the use of an identified asset and whether the Organization have the right to direct the use of an identified asset in exchange for consideration. Right of use (“ROU”) assets represents the Organization's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets are recognized as the lease liability, adjusted for lease incentives received. Lease liabilities are recognized at the present value of the future lease payments at the lease commencement date. The interest rate used to determine the present value of the future lease payments is risk-free discount rate, which is determined using a period comparable with lease term, because the interest rate implicit in most of the leases is not readily determinable. Lease payments may be fixed or variable; however, only fixed payments or in-substance fixed payments are included in the lease liability calculation.

Variable lease payments may include costs such as common area maintenance, utilities, real estate taxes or other costs. Variable lease payments are recognized in operating expenses in the period in which the obligation for those payments is incurred.

Operating leases are included in operating lease ROU assets, operating lease liabilities, current and operating lease liabilities, non-current on the statement of financial position. Finance leases are included in property and equipment, net, accrued and other current liabilities, and other long-term liabilities on the statement of financial position. For operating leases, lease expense is recognized on a straight-line basis in operations over the lease term. For finance leases, lease expense is recognized as depreciation and interest; depreciation on a straight-line basis over the lease term and interest using the effective interest method.

The Organization did not have material long-term leases as of June 30, 2023.

#### *Basis of Accounting*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

### NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Net Assets*

The financial statement presentation follows the requirement of the Financial Accounting Standard Board. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board can designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. There were no board-designated net assets as of June 30, 2023.

*Net Assets with Donor Restrictions* – Net assets subject to donor (or certain grantor) 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. There were no net assets restricted in perpetuity as of June 30, 2023.

#### *Functional Allocation of Expenses*

The costs of the programs and supporting services have been reported on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by the Organization's management. Salaries and related expenses are allocated based on employees' direct time spent on program or support activities or the best estimate of time spent. Given the collaborative manner in which the Organization delivers its program activities, rents are allocated based on staff hours devoted to each function. Expenses, other than salaries and related expenses, which are not directly identifiable by program or support services, are allocated based on the management's best estimate.

The main categories of expenses are allocated as following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries, wages and related	Time and effort
Professional services	Time and effort
IT operations	Function and usage
Occupancy	Function and usage
Volunteer expenses	Function and usage
Special events	Function and usage

#### *Refundable Advances*

Refundable advances represent an unearned portion of the fee-for-service grants received prior to when the related services are provided.

### NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### *Fair Value of Financial Instruments*

The following methods and assumptions were used by the Organization in establishing the fair value of its financial statements: the carrying amounts of cash, short-term investments, grant and accounts receivables, prepaid expenses, deposits and accounts payable, accrued expenses, and other current liabilities approximate fair value because of the short maturity of these instruments. The carrying amounts of long-term receivables and payables are approximate fair value as these receivables and payables earn or are charged interest based on the prevailing rates.

#### *Fair Value Measurements*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses a fair value hierarchy which is categorized into three levels as follows:

*Level 1* – Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in active markets, valuation of these balances does not entail a significant degree of judgment.

*Level 2* – Valuations are based on quoted prices for similar assets or liabilities in active markets from those willing to trade that are not active or for which other inputs can be corroborated by market data.

*Level 3* – Valuations are based on inputs that are unobservable and significant to the overall fair value measurement and represent the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for an asset or liability.

The Organization's assets recognized at fair value are as follows:

	Carrying Value	Fair Value (Level 1)
Mutual fund	\$ 801,440	\$ 801,440
Equity security	49,860	49,860
Money market fund	49,341	49,341
Treasury bill	1,987,844	1,987,844
Total investments	\$ 2,888,485	\$ 2,888,485

Fair values for the investments above are determined by reference to quoted market prices and other relevant information generated by market transactions.

### **NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### *Contributions In-Kind*

Donated goods are recorded at their estimated fair market value on the day of donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at their market value at the time the services are rendered. Donated services that do not meet the criteria for recognition, but which are, nonetheless, central to the Organization's operations are not reflected in the financial statements.

#### *Contributions and Contributions Receivable*

Contributions are recognized as revenue when received or unconditionally promised. Contributions received are recorded as without donor restrictions or with donor restriction support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a donor restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with time and purpose restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional pledges are recognized as receivables and revenue when the conditions on which they depend are substantially met.

Contributions receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Organization uses the allowance method to determine uncollectible receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. The Organization charges off uncollectible contributions receivable when management determines amounts are not collectable. No allowance was recorded as of June 30, 2023 because all amounts are expected to be collected in full.

#### *Income Taxes*

The Organization is a not-for-profit organization that is exempt from federal income tax on income under Section 501(c)(3) of the Internal Revenue Code and from state franchise tax under California Revenue and Taxation Code Section 23701(d). However, income from activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income. There was no tax on unrelated business income for year ended June 30, 2023.

*FASB ASC 740-10* requires an organization to determine whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has no assets or liabilities related to uncertain tax positions. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

### **NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### *Prepaid Expenses*

Prepaid expenses are amortized over the period of future benefit.

#### *Investments*

The Organization carries investments with readily determinable fair values in the statement of financial position. Dividends, interest, investment fees and taxes, unrealized gains and losses, and realized gains and losses are all included in investment return in the accompanying statement of activities.

#### *Revenue Recognition*

The Organization recognizes revenue on the accrual basis of accounting. Service income is recognized as revenue in the period in which the service is provided. Grants are recognized as revenue in the period in which they are awarded in writing, if not conditional. The Organization's primary revenue sources are contributions and grants.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Consequently, as of June 30, 2023 contributions approximating \$485,987, have not been recognized in the accompanying statement of activities because the condition on which they depend has not yet been met. The total conditional contribution is contingent upon appropriate use of funds.

#### *Property, Equipment and Depreciation*

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, or improvements that significantly prolong the useful lives of the assets are capitalized. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives that ranges between three to ten years.

#### *Cash and Cash Equivalents*

For the purpose of the statement of cash flows, the Organization considers all cash accounts, with an initial maturity of three months or less, to be cash equivalents.

**NOTE 4: CONCENTRATION OF CREDIT RISK**

FASB ASC 825 requires disclosure of significant concentrations of credit risk arising from all financial instruments. Concentrations of credit risk financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments. At times, a portion of these cash investments may not be insured by the Federal Deposit Insurance Corporation. The potential concentration of credit risk pertaining to temporary cash investments will vary throughout the year depending upon the level of cash deposits versus amounts insured. The Organization is maintaining all deposits in high quality financial institutions.

As of June 30, 2023, the Organization had \$464,777 uninsured bank balances.

**NOTE 5: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Cash and cash equivalents	\$	949,081
Pledges receivable		132,401
Investments		2,888,485
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions		<u>(271,953)</u>
Financial assets available for general expenditure within one year	\$	<u><u>3,698,014</u></u>

The Organization has \$3,698,014 of financial assets available to cover the liquidity needs for the year ended June 30, 2023. The Organization has a goal to maintain sufficient financial assets on hands to meet the total of next fiscal year’s projected management/ general and fundraising expenses, which are expected to be approximately \$725,054 (based on the total supporting expenses for the year ended June 30, 2023).

Thus, the Organization accumulated enough liquid assets to sustain its liquidity needs within the next 12 months.

**NOTE 6: INVESTMENT RETURN**

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2023:

Unrealized gain	\$	48,431
Dividends		20,605
Realized gain, net		<u>5,126</u>
Total	\$	<u><u>74,162</u></u>

**NOTE 7: SPECIAL EVENT**

The Organization held a special event named 2022 Garden Party on August 28, 2022. The purpose of the event was to raise funds for changing the lives of youth in San Mateo County’s foster care and juvenile justice system. The event resulted in revenue and expense of \$328,743 and 37,188, respectively.

**NOTE 8: RETIREMENT PLAN**

The Organization has a 401k plan covering all eligible employees who have provided six (6) months of service. The Organization matches 3% elected contributions from gross salary and wages. After December 31, 2022, the matching rate increased to 6%. For the years ended, June 30, 2023 the Organization contributed \$40,309 to the retirement plan.

**NOTE 9: PROPERTY AND EQUIPMENT**

Property, equipment, and related accumulated depreciation was as follows:

Furniture and equipment	\$	10,648
Tenant improvements		4,721
Software		15,406
Accumulated depreciation		<u>(8,175)</u>
Property and equipment, net	\$	<u><u>22,600</u></u>

For the year ended, June 30, 2023 the depreciation expense was \$8,175.

**NOTE 10: LEASES**

The Organization leases office space in Redwood City, California. The lease agreement started on January 01, 2021, and expired on June 30, 2022. The monthly base rent was \$11,970. The agreement is renewed automatically annually. The lease agreement could be terminated at any time by providing a termination note in advance. As of June 30, 2023, the lease expense for the office was \$151,608, which was forgiven by owner. The related CAM expense was \$22,043. The forgiven rent is recorded as in-kind donation on the statements of activities for the year ended June 30, 2023.

Also, the Organization has a 5-year copier lease, which will expire on December 21, 2025. The monthly rent was \$171 plus tax. The annual rent expense with consumed materials was \$5,220 for the year ended June 30, 2023.

**NOTE 11: CONTINGENCIES**

Conditions contained within the various contracts awarded to the Organization are subject to the funding agencies' criteria and regulations under which expenditures may be charged against and are subject to audit under such regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the grants may not comply with the established criteria governing them. In such cases, the Organization could be held responsible for repayments to the funding agency or be subject to reductions in future funding. Management does not anticipate any material questioned costs for the contracts and grants administered during the period.



**NOTE 12: NET ASSETS WITH DONOR RESTRICTIONS**

The composition of net assets with donor restrictions for the year ended June 30, 2023 are as follows:

Restricted Purpose	07/01/2022	Additions	Released	06/30/2023
Sequoia's foster youth program	\$ -	\$ 60,000	\$ (60,000)	\$ -
San Bruno foster youth program	-	15,000	(6,000)	9,000
Case management	35,000	40,000	(35,000)	40,000
Summer fun fund	-	15,000	(11,547)	3,453
Health care	10,000	45,000	(20,000)	35,000
Salary	-	50,000	(25,000)	25,000
New computers and conferencing	-	29,120	(29,120)	-
Academic success and mental health	-	40,000	-	40,000
Program	-	30,000	(30,000)	-
Seek fund and scholarships	-	20,500	(8,500)	12,000
Time restricted	52,000	215,000	(94,500)	172,500
Total	\$ 97,000	\$ 559,620	\$ (319,667)	\$ 336,953

**NOTE 13: DONATED SERVICES AND OTHER IN-KIND CONTRIBUTIONS**

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

During the year ended June 30, 2023, the Organization received donated goods for their special events for \$22,520 and in-kind rent for \$151,608 for the office space located in Redwood City.

The donated items for special event, valued at \$22,520, include various items such as food, gift certificates, bags, treatments, artwork, and quilts. The valuation of these donated goods is based on the fair market prices as provided by the donors.

Additionally, the in-kind rent for the Redwood City office valued at \$151,608, is for 2,660 square feet office space with the estimated fair market unit price of \$57 per square foot per year.

Also, the Organization received donated services from unpaid volunteers that do not satisfy the criteria for recognition under *FASB ASC 958-605-25-16*. Management estimates approximately 624 hours were contributed by 13 board members-volunteers and approximately 10,699 hours were contributed by 172 mentors, advocates, and youth support volunteers during the year ended June 30, 2023.

**NOTE 14: CORRECTION OF AN ERROR**

Revenues and accounts receivable for the years prior to June 30, 2022, were overstated by \$327,935, resulting in the correction of the error and reduction of net assets for the year ended June 30, 2022.

**NOTE 15: PLEDGES RECEIVABLE**

Pledges receivable as of June 30, 2023, represent funds earned or unconditionally promised, but not yet received from current contracts and grants as follows:

<u>Donor</u>		<u>Amount</u>
State of California Judicial Council	\$	14,979
VOCA		52,422
Sequoia Health		<u>130,000</u>
Total	\$	<u>197,401</u>
Current pledge receivable		102,443
Non-current year end June 30, 2025		<u>65,000</u>
Total noncurrent portion		<u>65,000</u>

**NOTE 16: SUBSEQUENT EVENTS**

Management of the Organization has reviewed the results of operations for the period of time from its year end, June 30, 2023 through November 28, 2023, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

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