

Coastside Hope
(a nonprofit public benefit corporation)

Financial Statements
and
Independent Auditors' Report

For the Years Ended
June 30, 2020 and 2019



Coastside Hope
Neighbors Helping Neighbors In Need...

Coastside Hope

For the Years Ended June 30, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Coastside Hope
El Granada, CA

We have audited the accompanying financial statements of Coastside Hope (the Organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coastside Hope as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads 'Wheeler'.

San Jose, CA
October 30, 2020

COASTSIDE HOPE
Statement of Financial Position
As of June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,034,097	\$ 280,304	\$ 1,314,401
Investments	734,872	-	734,872
Accounts Receivable	4,429	-	4,429
Government Grants Receivables	60,561	-	60,561
Community Grants Receivables	114,410	60,000	174,410
Inventory	55,757	-	55,757
Prepaid Expenses	15,666	-	15,666
	<u>2,019,792</u>	<u>340,304</u>	<u>2,360,096</u>
Total Current Assets			
Long Term Assets			
Property and Equipment, net	536,030	-	536,030
	<u>536,030</u>	<u>-</u>	<u>536,030</u>
Total Long Term Assets			
	<u>\$ 2,555,822</u>	<u>\$ 340,304</u>	<u>\$ 2,896,126</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable and Accrued Expenses	\$ 66,738	\$ -	\$ 66,738
Current Portion of Notes Payable	9,835	-	9,835
	<u>76,573</u>	<u>-</u>	<u>76,573</u>
Total Current Liabilities			
Long Term Liabilities			
Notes Payable, net of Current Portion	266,000	-	266,000
Rental Deposits	5,775	-	5,775
	<u>271,775</u>	<u>-</u>	<u>271,775</u>
Total Long Term Liabilities			
	<u>348,348</u>	<u>-</u>	<u>348,348</u>
Total Liabilities			
Net Assets			
Without Donor Restrictions	2,207,474	-	2,207,474
With Donor Restrictions	-	340,304	340,304
	<u>2,207,474</u>	<u>340,304</u>	<u>2,547,778</u>
Total Net Assets			
	<u>\$ 2,555,822</u>	<u>\$ 340,304</u>	<u>\$ 2,896,126</u>
Total Liabilities and Net Assets			

See Independent Auditors' report and accompanying notes to financial statements

COASTSIDE HOPE
Statement of Financial Position
As of June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 331,166	\$ 79,563	\$ 410,729
Investments	797,340	-	797,340
Accounts Receivable	205	-	205
Government Grants Receivables	58,744	-	58,744
Community Grants Receivables	20,000	85,200	105,200
Inventory	40,396	-	40,396
Prepaid Expenses	14,369	-	14,369
Total Current Assets	1,262,220	164,763	1,426,983
Long Term Assets			
Pledge Receivable	-	60,000	60,000
Property and Equipment, net	551,472	-	551,472
Total Long Term Assets	551,472	60,000	611,472
Total Assets	\$ 1,813,692	\$ 224,763	\$ 2,038,455
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable and Accrued Expenses	\$ 49,558	\$ -	\$ 49,558
Current Portion of Notes Payable	3,949	-	3,949
Total Current Liabilities	53,507	-	53,507
Long Term Liabilities			
Notes Payable, net of Current Portion	302,662	-	302,662
Rental Deposits	5,400	-	5,400
Total Long Term Liabilities	308,062	-	308,062
Total Liabilities	361,569	-	361,569
Net Assets			
Without Donor Restrictions	1,452,123	-	1,452,123
With Donor Restrictions	-	224,763	224,763
Total Net Assets	1,452,123	224,763	1,676,886
Total Liabilities and Net Assets	\$ 1,813,692	\$ 224,763	\$ 2,038,455

See Independent Auditors' report and accompanying notes to financial statements

COASTSIDE HOPE
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Program Revenue	\$ 71,295	\$ -	\$ 71,295
Community Contributions	490,237	793,288	1,283,525
Immigration Fees	57,815	-	57,815
Grants	211,246	-	211,246
In-kind Donations	383,351	-	383,351
Total Support and Revenue	<u>1,213,944</u>	<u>793,288</u>	<u>2,007,232</u>
Adjustments			
Release of Donor-Restricted Net Assets	<u>677,747</u>	<u>(677,747)</u>	<u>-</u>
Expenses			
Program Services	1,156,066	-	1,156,066
Management and General	49,166	-	49,166
Fundraising	19,638	-	19,638
Total Expenses	<u>1,224,870</u>	<u>-</u>	<u>1,224,870</u>
Other Revenue			
Rental Income	42,915	-	42,915
Other Miscellaneous Income	26,708	-	26,708
Loss on Fixed Assets Disposal	(1,188)	-	(1,188)
Gain on Investments	9,580	-	9,580
Interest and Dividend Income	10,515	-	10,515
Total Other Revenue	<u>88,530</u>	<u>-</u>	<u>88,530</u>
Change in Net Assets	<u>755,351</u>	<u>115,541</u>	<u>870,892</u>
Net Assets:			
Beginning of Year	<u>1,452,123</u>	<u>224,763</u>	<u>1,676,886</u>
End of Year	<u>\$ 2,207,474</u>	<u>\$ 340,304</u>	<u>\$ 2,547,778</u>

See Independent Auditors' report and accompanying notes to financial statements

COASTSIDE HOPE
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Program Revenue	\$ 76,276	\$ -	\$ 76,276
Community Contributions	38,323	607,883	646,206
Immigration Fees	52,694	-	52,694
Fundraising Revenue	9,745	-	9,745
Fundraising Expenses	(10,573)	-	(10,573)
Grants	189,979	-	189,979
In-kind Donations	272,577	-	272,577
Total Support and Revenue	<u>629,021</u>	<u>607,883</u>	<u>1,236,904</u>
Adjustments			
Release of Donor-Restricted Net Assets	<u>636,358</u>	<u>(636,358)</u>	<u>-</u>
Expenses			
Program Services	959,508	-	959,508
Management and General	66,641	-	66,641
Fundraising	19,009	-	19,009
Total Expenses	<u>1,045,158</u>	<u>-</u>	<u>1,045,158</u>
Other Revenue			
Rental Income	36,156	-	36,156
Gain on Investments	5,657	-	5,657
Interest and Dividend Income	10,936	-	10,936
Total Other Revenue	<u>52,749</u>	<u>-</u>	<u>52,749</u>
Change in Net Assets	<u>272,970</u>	<u>(28,475)</u>	<u>244,495</u>
Net Assets:			
Beginning of Year	<u>1,179,153</u>	<u>253,238</u>	<u>1,432,391</u>
End of Year	<u>\$ 1,452,123</u>	<u>\$ 224,763</u>	<u>\$ 1,676,886</u>

See Independent Auditors' report and accompanying notes to financial statements

COASTSIDE HOPE
Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services	Management and General	Fundraising	Total
Payroll and Benefits	\$ 503,358	\$ 13,991	\$ 12,500	\$ 529,849
Professional Services	17,048	23,851	-	40,899
Professional Development and Hospitality	285	-	-	285
Membership, Dues and Subscriptions	1,346	-	-	1,346
Program Travel	1,754	-	-	1,754
Insurance	10,512	-	-	10,512
Interest	1,048	-	-	1,048
Property Tax	3,569	283	-	3,852
Building Repairs and Maintenance	17,749	-	-	17,749
Storage Rental	9,600	-	-	9,600
Utilities	10,539	-	-	10,539
Telephones	7,952	-	-	7,952
Website and Internet	10,425	-	-	10,425
Postage and Delivery	4,448	-	-	4,448
Printing and Copying	5,490	-	-	5,490
Supplies	10,245	-	-	10,245
Marketing and Fundraising	6,971	-	7,138	14,109
Adopt-a-Family	64,198	-	-	64,198
Emergency Assistance	3,474	-	-	3,474
Safety Net Program / Rental Assist	25,343	-	-	25,343
Food Bank	10,782	-	-	10,782
Immigration Program	4,358	-	-	4,358
LIBRE Program Costs	2,577	-	-	2,577
Grove Citizen Scholarship Grant	3,562	-	-	3,562
Vehicle Expenses	4,073	-	-	4,073
Rental Property Expenses	6,547	-	-	6,547
Bank Charges	2,393	-	-	2,393
In-Kind Donations	367,990	-	-	367,990
Taxes	-	3,521	-	3,521
Depreciation	25,303	7,520	-	32,823
Special Delivery	-	-	-	-
General Services	13,127	-	-	13,127
Total Expenses	<u>\$ 1,156,066</u>	<u>\$ 49,166</u>	<u>\$ 19,638</u>	<u>\$ 1,224,870</u>
	94%	4%	2%	100%

See Independent Auditors' report and accompanying notes to financial statements

COASTSIDE HOPE
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Total
Payroll and Benefits	\$ 440,148	\$ 20,882	\$ 19,009	\$ 480,039
Professional Services	16,590	28,370	-	44,960
Professional Development and Hospitality	2,624	-	-	2,624
Membership, Dues and Subscriptions	178	-	-	178
Program Travel	2,122	-	-	2,122
Insurance	10,467	-	-	10,467
Interest	1,281	-	-	1,281
Property Tax	6,199	283	-	6,482
Building Repairs and Maintenance	9,841	-	-	9,841
Storage Rental	9,600	-	-	9,600
Utilities	8,760	-	-	8,760
Telephones	8,545	-	-	8,545
Website and Internet	3,781	-	-	3,781
Postage and Delivery	4,570	-	-	4,570
Printing and Copying	4,634	-	-	4,634
Supplies	6,748	-	-	6,748
Marketing and Fundraising	13,854	-	-	13,854
Adopt-a-Family	86,142	-	-	86,142
Emergency Assistance	10,018	-	-	10,018
Food Bank	503	-	-	503
Immigration Program	6,353	-	-	6,353
LIBRE Program Costs	2,172	-	-	2,172
Grove Citizen Scholarship Grant	4,255	-	-	4,255
Vehicle Expenses	2,918	-	-	2,918
Rental Property Expenses	-	5,332	-	5,332
Bank Charges	3,878	-	-	3,878
In-Kind Donations	262,945	-	-	262,945
Taxes	-	3,957	-	3,957
Depreciation	26,007	7,817	-	33,824
Special Delivery	686	-	-	686
General Services	3,689	-	-	3,689
Total Expenses	<u>\$ 959,508</u>	<u>\$ 66,641</u>	<u>\$ 19,009</u>	<u>\$ 1,045,158</u>
	92%	6%	2%	100%

See Independent Auditors' report and accompanying notes to financial statements

COASTSIDE HOPE
Statement of Cash Flows
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Cash flows from Operating Activities			
Change in Net Assets	\$ 755,351	\$ 115,541	\$ 870,892
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation	32,823	-	32,823
Loss on Fixed Asset Disposal	1,188	-	1,188
Debt Write-off	(26,706)	-	(26,706)
Gain on Investments	(9,580)	-	(9,580)
(Increase) Decrease in Inventory	(15,361)	-	(15,361)
(Increase) Decrease in Accounts Receivable	(4,224)	-	(4,224)
(Increase) Decrease in Grants Receivables	(1,817)	-	(1,817)
(Increase) Decrease in Community Grants Receivables	(94,410)	25,200	(69,210)
(Increase) Decrease in Prepaid Expenses	(1,297)	-	(1,297)
(Increase) Decrease in Pledge Receivable	-	60,000	60,000
Increase (Decrease) in Accounts Payable and Accrued Liabilities	17,180	-	17,180
Increase (Decrease) in Rental Deposit	375	-	375
	(101,829)	85,200	(16,629)
Total Adjustments			
Net Cash provided by (used in) Operating Activities	653,522	200,741	854,263
Cash flows from Investing Activities			
Proceeds from Sale of Investments	2,006,880	-	2,006,880
Purchases of Investments	(1,934,832)	-	(1,934,832)
Purchase of Equipment	(18,569)	-	(18,569)
	53,479	-	53,479
Net Cash used in Investing Activities			
Cash flows from Financing Activities			
Payments on long-term debt	(4,070)	-	(4,070)
	(4,070)	-	(4,070)
Net Cash used in Financing Activities			
Net Change in Cash and Cash Equivalents	702,931	200,741	903,672
Cash and Cash Equivalents Beginning of Year	331,166	79,563	410,729
Cash and Cash Equivalents End of Year	\$ 1,034,097	\$ 280,304	\$ 1,314,401
<u>Supplemental Disclosures</u>			
Cash Paid for Interest	\$ 1,048	\$ -	\$ 1,048
Cash Paid for Income Taxes	\$ 3,335	\$ -	\$ 3,335

See Independent Auditors' report and accompanying notes to financial statements

COASTSIDE HOPE
Statement of Cash Flows
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Cash flows from Operating Activities			
Change in Net Assets	\$ 272,970	\$ (28,475)	\$ 244,495
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation	33,824	-	33,824
Gain on Investments	5,657	-	5,657
(Increase) Decrease in Inventory	(9,632)	-	(9,632)
(Increase) Decrease in Accounts Receivable	1,180	-	1,180
(Increase) Decrease in Grants Receivables	(15,001)	-	(15,001)
(Increase) Decrease in Community Grants Receivables	18,827	(70,200)	(51,373)
(Increase) Decrease in Prepaid Expenses	53	-	53
Increase (Decrease) in Accounts Payable	(18,104)	-	(18,104)
Increase (decrease) in Rental Deposit	200	-	200
Total Adjustments	17,004	(70,200)	(53,196)
Net Cash provided by (used in) Operating Activities	289,974	(98,675)	191,299
Cash flows from Investing Activities			
Purchase of Investments	(210,037)	-	(210,037)
Purchase of Equipment	(14,446)	-	(14,446)
Net Cash used in Investing Activities	(224,483)	-	(224,483)
Cash flows from Financing Activities			
Payments of Debt	(3,832)	-	(3,832)
Net Cash used in Investing Activities	(3,832)	-	(3,832)
Net Change in Cash and Cash Equivalents	61,659	(98,675)	(37,016)
Cash and Cash Equivalents Beginning of Year	269,507	178,238	447,745
Cash and Cash Equivalents End of Year	\$ 331,166	\$ 79,563	\$ 410,729
<u>Supplemental Disclosures</u>			
Cash Paid for Interest	\$ 1,281	\$ -	\$ 1,281
Cash Paid for Income Taxes	\$ 5,494	\$ -	\$ 5,494

See Independent Auditors' report and accompanying notes to financial statements

Coastside Hope
Notes to the Financial Statements
As of June 30, 2020 and 2019

1. NATURE OF ACTIVITIES

Coastside Hope (the Organization), a not-for-profit corporation, was established in 1976 and operates in El Granada, California. Social service programs are the main focus of the Organization.

These programs include critical needs services for local low-income families and individuals, including food, clothing, rental and utilities assistance, shelter referral, infant needs and no cost tax preparation services. In addition, the Organization provides immigration and citizenship services to local immigrant workers under a program led by an Office of Legal Access Program accredited representative.

2. SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The Organization prepares its financial statements using the accrual method of accounting in accordance with GAAP.

Fiscal Year

The Organization's fiscal year begins on July 1 and ends on June 30.

Classes of Net Assets

In accordance with GAAP, where applicable, the financial statements report amounts separately by the following classes of net assets:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The Governing board has not designated any amount from net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that 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.

Coastside Hope
Notes to the Financial Statements
As of June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly-liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Funds donated to Coastside Hope's Adopt-a-Family holiday program are accounted for in a separate bank account, which is presented on the statement of financial position as donor-restricted.

Accounts, Grant and Pledge Receivables

All accounts, grant and pledge receivables are deemed collectible by management. Based on management's assessment of the grantors having outstanding balances and their past history, they concluded that losses on balances outstanding at year-end are unlikely. Management believes that all receivables will be collected within one year, therefore no allowance for doubtful accounts has been recorded.

Inventory

Inventory consists of donated food received from Second Harvest Food Bank and from the community. Inventories are determined using the first in, first out method and are valued at the lower of cost or net realizable value.

Prepaid Expenses

Prepaid expenses consist of expenses paid before they are incurred including insurance and other operating expenses.

Property and Equipment

Land, buildings, equipment, and improvements are recorded at cost if purchased or at fair market value at date of gift, if donated. Assets over \$1,500 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives. The estimated useful life ranges from 3 to 30 years, based on the nature of the asset.

Fair Value of Financial Instruments

Financial instruments included in the Organization's Statements of Financial Position as of June 30, 2020 and 2019 include cash, investment, accounts receivable, accounts payable and accrued expenses, and notes payable. The carrying amounts of these financial instruments represent a reasonable estimate of the corresponding fair values.

Coastside Hope
Notes to the Financial Statements
As of June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition of Contribution Income

Contributions received are recorded as without donor restricted or with donor restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are with donor-restriction are reclassified to net asset without donor restrictions upon satisfaction of the restrictions.

Contributions of fixed assets or goods are recognized as in-kind donations at their fair market value. For the years ended June 30, 2020 and 2019, the value of in-kind food, fixed assets, and other items contributed to the Organization is \$383,351 and \$262,945, respectively.

In accordance with GAAP, unconditional contributions are recognized as income in the fiscal year awarded, including funds from multi-year grants, which are included in donor-restricted net assets until they are disbursed and expensed in the applicable year of the grant designation. Conditional grants are recognized as income in the period all contingent terms of the awards are met.

For the years ending June 30, 2020 and 2019, net assets with donor restrictions totaling \$340,304 and \$224,763, respectively were recognized as income, with the related funds disbursed, and expense recognized in subsequent fiscal years. All net assets with donor restrictions are not time restricted; the funds will be disbursed as needed for the related programs.

Other Income Allocations – With and Without Donor Restrictions

All gains and losses arising from the sale, collection or other disposition of investments and fixed assets are accounted for in the fund that owned such assets according to restrictions placed on the original gift. Ordinary income derived from donor-restricted investments is accounted for in the donor-restricted fund.

Accounting for Significant Programs

The Organization's programs assist families and individuals with critical safety net needs and immigration services.

The Organization's programs are operated in conjunction with various partners and donors. The accounting for each program depends on the role of the partner or donor and the type of assistance provided.

Functional Allocation of Expenses

Functional classification allocates expenses according to the purpose for which the costs are incurred. Examples of functional classifications are program services (expenses directly related to the purpose for which the organization exists) and supporting activities (those indirectly related to the purposes for which the organization exists but necessary for its operations, i.e., management and general, and fundraising).

Coastside Hope
Notes to the Financial Statements
As of June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Advertising Expenses

Advertising expenses are recorded as they are incurred.

Tax Exemption Status

The Organization is exempt from federal and state income taxes under Sections 501(c)(3) of the Internal Revenue Code (IRC) and 23701(d) of the California Revenue and Taxation Code. The Organization does pay unrelated business income tax on rental activities that are not related to its exempt purpose. For the years ended June 30, 2020 and 2019, the Organization's unrelated business income tax was \$4,073 and \$2,752, respectively.

In accordance with GAAP, an organization must recognize the tax benefit associated with any tax positions taken for tax return purposes when it is more likely than not the position will be sustained. The Organization does not believe there are any material uncertain tax positions. The tax related interest or penalties for the years ended June 30, 2020 and 2019 were \$0 and \$17, respectively.

The Organization is subject to potential examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and the State of California. The tax years that remain subject to potential examination for the U.S. federal jurisdiction are June 30, 2017 and forward. The State of California tax jurisdiction is subject to potential examination for fiscal tax years June 30, 2016 forward.

Changing Standards

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842) ("ASU 2016-02"). ASU 2016-02 requires entities to recognize right-of-use assets and lease liabilities on the statement of financial position for the rights and obligations created by all leases, including operating leases, with terms of more than 12 months. The new standard also requires additional disclosures on the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative information. The effective date was January 1, 2021, however, in June 2020, FASB issued ASU 2020-05 which pushed out the effective date out by one year. The new standard will be effective for the Organization on January 1, 2022. Early adoption is permitted. The Organization is in the process of evaluating the impact the adoption of this standard will have on its financial statements and related disclosures.

Coastside Hope
Notes to the Financial Statements
As of June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 improves existing guidance on revenue recognition of grants and contracts to reduce diversity in accounting practice. The amendments in the ASU provide clarified guidance on evaluating whether a transaction should be accounted for as a contribution or an exchange transaction, based on whether a resource provider is receiving corresponding value in return for the resources transferred. ASU 2018-08 also includes an improved framework to determine whether a contribution is conditional and to better distinguish a donor-imposed condition from a donor-imposed restriction. The ASU also modifies the simultaneous release option currently in GAAP which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. This election may now be made for all restricted contributions that were initially classified as conditional without having to elect it for all other restricted contributions and investment returns. The guidance in ASU 2018-08 is effective as follows: transactions in which the Organization is the resource recipient in years beginning after December 15, 2018, and interim periods within years beginning after December 15, 2019; transactions in which the Organization is the resource provider in years beginning after December 15, 2019, and interim periods within years beginning after December 15, 2020. Early adoption is permitted. The Organization has adopted ASU 2018-08 for year ended June 30, 2020. The adoption of the new guidance did not have a material impact on the Organization's financial statements.

3. CONCENTRATION OF RISK

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash, and receivables. The Organization maintains cash with commercial banks and other major financial institutions. At times, cash balances may be in excess of the Federal Deposit Insurance ("FDIC") limits of \$250,000.

The credit risk associated with receivables is mitigated by the fact that the receivables are due from Organization members, local donors and governments.

For the years ended June 30, 2020, there is no one donor contributed over 10% of total support revenue. For the years ended June 30, 2019, approximately 29% of support revenue were provided by two contributors.

Coastside Hope
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4. INVESTMENTS

The Organization invests its money in US Treasury Bills and brokered certificates of deposit which are traded on the open market. The investments are shown at fair market value as of June 30, 2020 and 2019.

<u>Description</u>	June 30, 2020			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
US Treasury Bills	<u>\$ 734,872</u>	<u>\$ 734,872</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 734,872</u>	<u>\$ 734,872</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Description</u>	June 30, 2019			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
US Treasury Bills	<u>\$ 797,340</u>	<u>\$ 797,340</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 797,340</u>	<u>\$ 797,340</u>	<u>\$ -</u>	<u>\$ -</u>

The basis for the carrying value of investments is from information provided by broker managed accounts. Fair value measurements of investment instruments are based on open actively traded securities markets as reported by investment account broker statements.

The three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little to no market activity and that are significant to the fair value of the assets or liabilities.

When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. In certain cases, where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Coastside Hope
Notes to the Financial Statements
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5. PROPERTY AND EQUIPMENT

The Organization owned the following property and equipment as of June 30, 2020 and 2019:

	2020	2019
Land	\$ 386,716	\$ 386,716
Building	495,860	493,016
Office Equipment	67,162	57,183
Vehicles	51,194	51,194
	1,000,932	988,109
Less accumulated depreciation	(464,902)	(436,637)
Net property and equipment	\$ 536,030	\$ 551,472

Depreciation expense for the years ended June 30, 2020 and 2019 were \$32,823 and \$33,824, respectively.

6. REVENUE

The Organization receives food from Second Harvest Food Bank for its Food Pantry, which is open daily except weekends and holidays. The Organization also receives food from community food drives conducted throughout the year and distributes the collected food through its Food Pantry. In addition, through The Organization's partnership with Second Harvest Food Bank, the Organization's employees and volunteers distribute food to eligible seniors and families on the second and fourth Mondays and on the third Thursday of every month through the Brown Bag and Family Harvest food programs, respectively. The following food assistance was received for the years ending June 30, 2020 and 2019:

	2020	2019
Food Pantry	\$324,095	\$189,288
Community Food Drive Donations	59,256	66,903
Second Harvest Brown Bag Program	159,874	150,292
Second Harvest Family Harvest Program	160,939	132,135
	\$704,164	\$538,618
Total Donations	\$704,164	\$538,618

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Notes to the Financial Statements
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6. REVENUE (continued)

The related income and expense for each program is included in the Organization's financial statements, with the exception of Brown Bag and Family Harvest donations.

The Organization arranges for rental and utilities assistance in coordination with San Mateo County Measure K, Community Action Agency Community Services Block Grant (CSBG) and other third-party programs. In addition, since 1986, the Organization has partnered with the San Francisco Chronicle as part of its annual Season of Sharing program. The Organization determines eligibility for these third-party run programs, however, related funds are distributed by the respective fiscal agents. Due to the nature of these transactions, The Organization does not recognize the related income or expense in its financial statements for these programs. Significant services provided for these programs for the years ending June 30, 2020 and 2019 are:

	<u>2020</u>	<u>2019</u>
San Mateo County Measure K - Rental Assistance	\$ 25,040	\$ 10,312
Community Service Block Grant - Rental Assistance	11,678	4,664
Season of Sharing	<u>36,306</u>	<u>12,350</u>
Total	<u>\$ 73,024</u>	<u>\$ 27,326</u>

The Organization receives funds from donations to the Organization's Adopt-a-Family program for holiday needs assistance. In addition to the funds received, donors directly sponsor families and seniors anonymously and shop for needed holiday items. The Organization also receives private grants for rental and shelter assistance to meet critical housing needs of community residents.

The income and expenses for these programs are directly reported in the Organization's financial statements, with the exception of Adopt-a-Family in-kind gifts purchased directly by donors. Funds released for these programs for the years ending June 30, 2020 and 2019 are:

	<u>2020</u>	<u>2019</u>
Adopt-a-Family	\$ 64,198	\$ 86,142
Rental/Shelter Assistance	<u>3,474</u>	<u>190</u>
Total	<u>\$ 67,672</u>	<u>\$ 86,332</u>

The Organization provides free tax preparation assistance to low-income individuals and families. These services are primarily provided by qualified Organization volunteers as part of the Earn It! Keep it! \$Save It! Program, in conjunction with the Internal Revenue Service and United Way of the Bay Area. For fiscal years ending June 30, 2020 and 2019, The Organization volunteers prepared 429 and 416 tax returns, respectively. The Organization includes related grant income and operating expenses for this program in its financial statements.

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6. REVENUE (continued)

The Organization provides various other in-kind assistance, including diapers, toiletries, paper goods, school supplies, food for Thanksgiving dinners, winter coats and blankets, which are donated and distributed through a variety of programs. The Organization does not recognize income and expense for these in-kind donations in its financial statements.

In addition to safety net programs, The Organization provides low-cost immigration assistance and free citizenship classes to eligible individuals. The Organization includes income and expenses from these programs in its financial statements.

For the years ending June 30, 2020 and 2019, the Organization's programs assisted 1,579 and 1,439 households in the community, comprising 3,942 and 3,473 individuals, respectively.

For the years ending June 30, 2020 and 2019, the Organization's programs had 500 and 400 volunteers, who contributed 6,000 and 7,000 hours, respectively.

7. NET ASSETS

Donor-restricted net assets are restricted to the following purposes:

	2020	2019
Adopt-a-Family Program	\$ 74,281	\$ 67,484
Social Services Program	72,494	28,701
COVID 19 Fund	103,512	-
Immigration Program	30,017	8,578
Time Restricted	60,000	120,000
Total Donor-Restricted Net assets	\$ 340,304	\$ 224,763

Net assets were released from donor restrictions as follows:

	2020	2019
Adopt-a-Family Program	\$ 64,199	\$ 86,142
Social Services Program	389,874	297,836
COVID 19 Fund	47,988	-
Immigration Program	115,686	117,380
Time Restricted	60,000	135,000
Total Net Assets Released from Restriction	\$ 677,747	\$ 636,358

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Notes to the Financial Statements
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8. LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The Organization considers investment income without donor restrictions, appropriated earnings from donor-restricted and contributions without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, program expenses, and fundraising expenses to be paid in the subsequent year.

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

The following table reflects the Organization's financial assets as of June 30, 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include board-designated special projects fund that is intended to fund special board initiatives not considered in the annual operating budget. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also include net assets with donor restrictions.

	June 30, 2020
Financial assets at year-end:	
Cash and cash equivalents	\$ 1,314,401
Investments	734,872
Accounts and grant receivables	239,400
Total financial assets	2,288,673
Less amounts not available to be used within one year:	
Net assets with donor restrictions greater than one year	-
Financial assets available to meet general expenditures over the next twelve months	\$ 2,288,673

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9. DEBT

At June 30, long-term debt consisted of the following:

	2020	2019
Non-interest bearing note payable to San Mateo County Housing Division, secured by land & building. The entire principal and a share of the appreciated value of the property was due in the year 2025. In November 2016, San Mateo County agreed to extend the due date to the year 2055.	\$ 266,000	\$ 266,000
Note payable to San Mateo County Housing Division, secured by parking lot. Monthly payments of \$432, including interest at 3% per annum, are due through July 2021.	9,835	40,611
Total Notes Payable	275,835	306,611
Less Current Portion on note secured by parking lot	(9,835)	(3,949)
Total Long-Term Debt - Net	\$ 266,000	\$ 302,662

Future payments of principal for the years ended June 30:

2021	\$ 9,835
2022	-
2023	-
2024	-
2025	-
Thereafter	266,000
Total	\$ 275,835

10. RELATED PARTY

Storage space is rented from a board member to run the food bank program as well as storage space for other programs. For each of the years ended June 30, 2020 and 2019, the board member was paid \$12,000.

Coastside Hope
Notes to the Financial Statements
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11. FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore expenses require allocation on a reasonable basis that is consistently applied. The Organization allocates all expenses based on a time allocation of the employees per month and this is done for all expense other than grant expense. Grant expense is directly allocated to grant making. Facility related expenses are allocated based on estimated use of square footage.

12. COMMITMENTS AND CONTINGENCIES

The Organization entered into an agreement with the San Mateo County Housing Division to provide financing for their operating premises (See Note 8). Terms of the agreement provide in part for the Organization to repay in March 2055, the face value of the debt of \$266,000 plus an amount equal to one-half of the market value of the property in excess of the original cost, less the value of improvements made by the Organization during its period of occupancy. The Organization records an accrual for contingent liabilities when a liability is both probable and reasonably estimable. With regards to the San Mateo County Housing Division agreement, the liability related to the future market value of the property is not estimable and is not reflected in the financial statements at June 30, 2020 or 2019. The Organization is in compliance with the note's specific loan covenant requirements for the years ended June 30, 2020 and 2019.

In recent days, the COVID-19 outbreak in the United States has resulted in economic uncertainties. The Organization's income is made up of contributions and grants, as such, other financial impact could occur, though such potential impact is unknown at this time.

13. LEASE LIABILITY

The Organization leases copier equipment under an operating lease. Lease payments made during the fiscal year end totaled \$5,490. Future minimum lease payments are as follows:

For the Year Ending June 30:

2021	5,251
2022	5,251
2023	5,251
2024	5,251
2025	1,313
Total	<hr style="width: 50%; margin-left: auto; margin-right: 0;"/> \$ 22,317

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14. RETIREMENT PLAN

The Organization had established a SIMPLE IRA plan on January 1, 2020 for eligible employees. The Organization can make discretionary matching contribution up to 3% of employee's salary. The Organization made \$5,614 matching contribution for year ended June 30, 2020.

15. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

Management evaluates events occurring subsequent to June 30, 2020 in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

No subsequent events were required to be recorded or disclosed.