

Coastside Hope
(a nonprofit public benefit corporation)

Financial Statements
and
Independent Auditors' Report

For the Years Ended
June 30, 2022 and 2021



Coastside Hope
Neighbors Helping Neighbors In Need...

Coastside Hope

For the Years Ended June 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Coastside Hope
El Granada, CA

Opinion

We have audited the accompanying financial statements of Coastside Hope, which comprise the statement of financial position as of June 30, 2022 and 2021, 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.

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, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Coastside Hope and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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; 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.

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 Youth Law Center'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 Coastside Hope'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 Coastside Hope'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.



San Jose, CA
November 8, 2022

COASTSIDE HOPE
Statement of Financial Position
As of June 30, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 251,446	\$ 312,392	\$ 563,838
Investments	2,804,557	-	2,804,557
Government Grants Receivables	175,249	30,540	205,789
Community Grants Receivables	80,367	262,000	342,367
Inventory	31,988	-	31,988
Prepaid Expenses	13,237	-	13,237
	<u>3,356,844</u>	<u>604,932</u>	<u>3,961,776</u>
Long Term Assets			
Property and Equipment, net	746,963	-	746,963
	<u>746,963</u>	<u>-</u>	<u>746,963</u>
Total Assets	<u>\$ 4,103,807</u>	<u>\$ 604,932</u>	<u>\$ 4,708,739</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable and Accrued Expenses	\$ 55,654	\$ -	\$ 55,654
	<u>55,654</u>	<u>-</u>	<u>55,654</u>
Long Term Liabilities			
Note Payable	266,000	-	266,000
Rental Deposits	3,455	-	3,455
	<u>269,455</u>	<u>-</u>	<u>269,455</u>
Total Liabilities	<u>325,109</u>	<u>-</u>	<u>325,109</u>
Net Assets			
Without Donor Restrictions	3,778,698	-	3,778,698
With Donor Restrictions	-	604,932	604,932
	<u>3,778,698</u>	<u>604,932</u>	<u>4,383,630</u>
Total Liabilities and Net Assets	<u>\$ 4,103,807</u>	<u>\$ 604,932</u>	<u>\$ 4,708,739</u>

See Independent Auditors' report and accompanying notes to financial statements

COASTSIDE HOPE
Statement of Financial Position
As of June 30, 2021

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 28,932	\$ 409,898	\$ 438,830
Investments	2,445,668	-	2,445,668
Government Grants Receivables	44,836	29,999	74,835
Community Grants Receivables	144,179	36,750	180,929
Inventory	26,300	-	26,300
Prepaid Expenses	19,195	-	19,195
Total Current Assets	2,709,110	476,647	3,185,757
Long Term Assets			
Property and Equipment, net	507,284	-	507,284
Total Long Term Assets	507,284	-	507,284
Total Assets	\$ 3,216,394	\$ 476,647	\$ 3,693,041
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable and Accrued Expenses	\$ 60,044	\$ -	\$ 60,044
Total Current Liabilities	60,044	-	60,044
Long Term Liabilities			
Notes Payable	266,000	-	266,000
Rental Deposits	5,855	-	5,855
Total Long Term Liabilities	271,855	-	271,855
Total Liabilities	331,899	-	331,899
Net Assets			
Without Donor Restrictions	2,884,495	-	2,884,495
With Donor Restrictions	-	476,647	476,647
Total Net Assets	2,884,495	476,647	3,361,142
Total Liabilities and Net Assets	\$ 3,216,394	\$ 476,647	\$ 3,693,041

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, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Community Contributions of Cash and Other Financial Assets	\$ 459,080	\$ 1,299,349	\$ 1,758,429
Immigration Fees	55,275	-	55,275
Grants	356,536	-	356,536
Contributions of Nonfinancial Assets	336,629	-	336,629
	1,207,520	1,299,349	2,506,869
Total Support and Revenue			
Adjustments			
Release of Donor-Restricted Net Assets	1,171,064	(1,171,064)	-
	1,171,064	(1,171,064)	-
Expenses			
Program Services	1,405,327	-	1,405,327
Management and General	64,181	-	64,181
Fundraising	27,520	-	27,520
	1,497,028	-	1,497,028
Total Expenses			
Other Revenue (Expense)			
Rental Income	42,308	-	42,308
Other Miscellaneous Expense	(68)	-	(68)
Gain on Sale of Equipment	1,200	-	1,200
Loss on Investments	(43,720)	-	(43,720)
Interest and Dividend Income	12,927	-	12,927
	12,647	-	12,647
Total Other Revenue			
Change in Net Assets	894,203	128,285	1,022,488
Net Assets:			
Beginning of Year	2,884,495	476,647	3,361,142
End of Year	\$ 3,778,698	\$ 604,932	\$ 4,383,630

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, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Community Contributions of Cash and Immigration Fees	\$ 648,009	\$ 1,339,253	\$ 1,987,262
Grants	57,355	-	57,355
Contributions of Nonfinancial Assets	203,039	-	203,039
	386,424	-	386,424
Total Support and Revenue	<u>1,294,827</u>	<u>1,339,253</u>	<u>2,634,080</u>
Adjustments			
Release of Donor-Restricted Net Assets	<u>1,202,910</u>	<u>(1,202,910)</u>	<u>-</u>
Expenses			
Program Services	1,774,093	-	1,774,093
Management and General	58,274	-	58,274
Fundraising	27,911	-	27,911
Total Expenses	<u>1,860,278</u>	<u>-</u>	<u>1,860,278</u>
Other Revenue (Expense)			
Rental Income	40,770	-	40,770
Loss on Investments	(8,132)	-	(8,132)
Interest and Dividend Income	6,924	-	6,924
Total Other Revenue	<u>39,562</u>	<u>-</u>	<u>39,562</u>
Change in Net Assets	<u>677,021</u>	<u>136,343</u>	<u>813,364</u>
Net Assets:			
Beginning of Year	<u>2,207,474</u>	<u>340,304</u>	<u>2,547,778</u>
End of Year	<u>\$ 2,884,495</u>	<u>\$ 476,647</u>	<u>\$ 3,361,142</u>

See Independent Auditors' report and accompanying notes to financial statements

COASTSIDE HOPE
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Services	Management and General	Fundraising	Total
Payroll and Benefits	\$ 648,089	\$ 17,620	\$ 15,278	\$ 680,987
Professional Services	31,338	22,000	-	53,338
Professional Development and Hospitality	32,273	4,000	-	36,273
Insurance	11,177	-	-	11,177
Property Tax	3,893	-	-	3,893
Building Repairs and Maintenance	15,118	-	-	15,118
Storage Rental	9,600	-	-	9,600
Utilities	12,224	-	-	12,224
Telephones	3,347	-	-	3,347
Website and Internet	16,613	-	-	16,613
Postage and Delivery	5,727	-	-	5,727
Printing and Copying	5,993	-	-	5,993
Supplies	10,060	-	-	10,060
Marketing and Fundraising	9,770	-	12,242	22,012
Adopt-a-Family	91,211	-	-	91,211
Emergency Assistance	25,251	-	-	25,251
Safety Net Program / Rental Assistance	838	-	-	838
Food Bank	12,481	-	-	12,481
Immigration Program	2,054	-	-	2,054
LIBRE Program Costs	32,112	-	-	32,112
Grove Citizen Scholarship Grant	1,080	-	-	1,080
Vehicle Expenses	4,455	-	-	4,455
Rental Property Expenses	-	8,087	-	8,087
Bank Charges	7,793	-	-	7,793
Nonfinancial Donations	294,941	-	-	294,941
Taxes	-	754	-	754
Depreciation	18,679	11,720	-	30,399
Special Delivery	1,823	-	-	1,823
Covid 19 Other Financial Assist	41,000	-	-	41,000
Sunlight Giving Covid Assistance	46,306	-	-	46,306
Vaccine Kaiser Grant Expense	186	-	-	186
Scholarship Program	9,000	-	-	9,000
Tax Program	895	-	-	895
Total Expenses	<u>\$ 1,405,327</u>	<u>\$ 64,181</u>	<u>\$ 27,520</u>	<u>\$ 1,497,028</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, 2021

	Program Services	Management and General	Fundraising	Total
Payroll and Benefits	\$ 583,669	\$ 16,984	\$ 14,756	\$ 615,409
Professional Services	22,674	22,000	-	44,674
Professional Development and Hospitality	29,043	4,000	-	33,043
Membership, Dues and Subscriptions	310	-	-	310
Program Travel	66	-	-	66
Insurance	11,787	-	-	11,787
Interest	118	-	-	118
Property Tax	2,835	283	-	3,118
Building Repairs and Maintenance	12,141	-	-	12,141
Storage Rental	9,600	-	-	9,600
Utilities	11,258	-	-	11,258
Telephones	3,273	-	-	3,273
Website and Internet	13,493	-	-	13,493
Postage and Delivery	4,034	-	-	4,034
Printing and Copying	5,909	-	-	5,909
Supplies	8,027	-	-	8,027
Marketing and Fundraising	10,980	-	13,155	24,135
Adopt-a-Family	64,474	-	-	64,474
Emergency Assistance	675	-	-	675
Safety Net Program / Rental Assistance	75,466	-	-	75,466
Food Bank	163,710	-	-	163,710
Immigration Program	5,767	-	-	5,767
LIBRE Program Costs	-	-	-	-
Grove Citizen Scholarship Grant	4,143	-	-	4,143
Vehicle Expenses	3,723	-	-	3,723
Rental Property Expenses	10,388	-	-	10,388
Bank Charges	3,294	-	-	3,294
In-Kind Donations	415,772	-	-	415,772
Taxes	-	6,451	-	6,451
Depreciation	22,631	8,556	-	31,187
Special Delivery	289	-	-	289
Tides Foundation Grant	79,500	-	-	79,500
Covid 19 Other Financial Assist	23,164	-	-	23,164
Sunlight Giving Covid Assistance	50,754	-	-	50,754
HMB Covid Rental Assistance	116,143	-	-	116,143
Vaccine Kaiser Grant Expense	433	-	-	433
Scholarship Program	3,000	-	-	3,000
Miscellaneous Expenses	346	-	-	346
General Services	1,204	-	-	1,204
Total Expenses	<u>\$ 1,774,093</u>	<u>\$ 58,274</u>	<u>\$ 27,911</u>	<u>\$ 1,860,278</u>
	95%	3%	2%	100%

See Independent Auditors' report and accompanying notes to financial statements

COASTSIDE HOPE
Statement of Cash Flows
For the Year Ended June 30, 2022

	Without Donor Restrictions	2022 With Donor Restrictions	Total
Cash flows from Operating Activities			
Change in Net Assets	\$ 894,203	\$ 128,285	\$ 1,022,488
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation	30,399	-	30,399
Financial Contribution of Equities	(3,716)	-	(3,716)
Loss on Investments	43,720	-	43,720
Nonfinancial Contribution of Fixed Asset	(36,000)	-	(36,000)
Gain on Sale of Equipment	(1,200)	-	(1,200)
(Increase) Decrease in Inventory	(5,688)	-	(5,688)
(Increase) Decrease in Grants Receivables	(130,413)	(541)	(130,954)
(Increase) Decrease in Community Grants Receivables	63,812	(225,250)	(161,438)
(Increase) Decrease in Prepaid Expenses	5,958	-	5,958
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(4,390)	-	(4,390)
Increase (Decrease) in Rental Deposit	(2,400)	-	(2,400)
Total Adjustments	<u>(39,918)</u>	<u>(225,791)</u>	<u>(265,709)</u>
Net Cash provided by (used in) Operating Activities	854,285	(97,506)	756,779
Cash flows from Investing Activities			
Proceeds from Sale of Investments	4,043,932	-	4,043,932
Purchases of Investments	(4,442,825)	-	(4,442,825)
Proceeds from Sale of Equipment	1,200	-	1,200
Purchase of Equipment	<u>(234,078)</u>	<u>-</u>	<u>(234,078)</u>
Net Cash used in Investing Activities	<u>(631,771)</u>	<u>-</u>	<u>(631,771)</u>
Net Change in Cash and Cash Equivalents	222,514	(97,506)	125,008
Cash and Cash Equivalents Beginning of Year	<u>28,932</u>	<u>409,898</u>	<u>438,830</u>
Cash and Cash Equivalents End of Year	<u>\$ 251,446</u>	<u>\$ 312,392</u>	<u>\$ 563,838</u>
<u>Supplemental Disclosures</u>			
Cash Paid for Income Taxes	\$ 2,143	\$ -	\$ 2,143
Noncash activity from Operating Activity			
Nonfinancial Contribution of Fixed Asset	\$ 36,000	\$ -	\$ 36,000

See Independent Auditors' report and accompanying notes to financial statements

COASTSIDE HOPE
Statement of Cash Flows
For the Year Ended June 30, 2021

	Without Donor Restrictions	2021 With Donor Restrictions	Total
Cash flows from Operating Activities			
Change in Net Assets	\$ 677,021	\$ 136,343	\$ 813,364
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation	31,187	-	31,187
Contributed Stocks	(29,404)	-	(29,404)
Loss on Investments	8,132	-	8,132
(Increase) Decrease in Inventory	29,457	-	29,457
(Increase) Decrease in Accounts Receivable	4,429	-	4,429
(Increase) Decrease in Grants Receivables	15,725	(29,999)	(14,274)
(Increase) Decrease in Community Grants Receivables	(29,769)	23,250	(6,519)
(Increase) Decrease in Prepaid Expenses	(3,529)	-	(3,529)
Increase (Decrease) in Accounts Payable	(6,694)	-	(6,694)
Increase (decrease) in Rental Deposit	80	-	80
Total Adjustments	19,614	(6,749)	12,865
Net Cash provided by (used in) Operating Activities	696,635	129,594	826,229
Cash flows from Investing Activities			
Proceeds from Sale of Investments	2,519,259	-	2,519,259
Purchases of Investments	(4,208,784)	-	(4,208,784)
Purchase of Equipment	(2,440)	-	(2,440)
Net Cash used in Investing Activities	(1,691,965)	-	(1,691,965)
Cash flows from Financing Activities			
Payments on long-term debt	(9,835)	-	(9,835)
Net Cash used in Investing Activities	(9,835)	-	(9,835)
Net Change in Cash and Cash Equivalents	(1,005,165)	129,594	(875,571)
Cash and Cash Equivalents Beginning of Year	1,034,097	280,304	1,314,401
Cash and Cash Equivalents End of Year	\$ 28,932	\$ 409,898	\$ 438,830
<u>Supplemental Disclosures</u>			
Cash Paid for Interest	\$ 118	\$ -	\$ 118
Cash Paid for Income Taxes	\$ 6,231	\$ -	\$ 6,231

See Independent Auditors' report and accompanying notes to financial statements

Coastside Hope
Notes to the Financial Statements
As of June 30, 2022 and 2021

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, 2022 and 2021

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 \$5,000 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, 2022 and 2021 include cash, investments, 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.

Revenue Recognition

The Organization recognizes revenue in accordance with Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers, as amended. ASC 606 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

Coastside Hope
Notes to the Financial Statements
As of June 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Immigration Revenue

The Organization obtains revenue from program services and immigration services. The performance obligation is delivery of the program event or immigration application. The event or application fee is set by the Organization. FASB ASC 606 requires allocation of the transaction price to the performance obligation(s). These items are considered to be one performance obligation and are recognized in the period in which the service is provided.

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 are recognized as nonfinancial asset donations at their fair market value. Contribution of foods are recognized at price per pound provided by Feeding America.

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, 2022 and 2021, net assets with donor restrictions totaling \$604,932 and \$476,647, respectively were recognized as income, with the related funds disbursed, and expense recognized in subsequent fiscal years. Net assets with donor restrictions are time restricted or program specific; the funds will be disbursed as needed for the related programs or when the time restriction elapses.

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.

Coastside Hope
Notes to the Financial Statements
As of June 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

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, 2022 and 2021, the Organization's unrelated business income tax was \$2,953 and \$3,615, 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. There were no tax related interest or penalties for the years ended June 30, 2022 and 2021.

Coastside Hope
Notes to the Financial Statements
As of June 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Contributed Nonfinancial Assets

In September 2020, FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. ASU 2020-07 requires entities to present contributed nonfinancial assets as a separate line item in the statement of activities. The standard also requires additional disclosure over these contributed nonfinancial assets including a disaggregation of the amount recognized, qualitative information on utilization, entity policy, description over donor imposed restrictions, and valuation techniques. The effective date was July 1, 2021. The Organization has implemented this standard and has reflected this on its financial statements and related disclosures using a retrospective approach. The net assets and changes in net assets are unchanged due to implementation.

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, 2022 and 2021, there were no donors who contributed over 10% of total support revenue.

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4. INVESTMENTS

During 2022 and 2021, the Organization received gifts of stocks which were sold on the open market shortly after receipt. 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, 2022 and 2021.

June 30, 2022				
<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
US Treasury Bills	\$ 2,804,557	\$ 2,804,557	\$ -	\$ -
Total	<u>\$ 2,804,557</u>	<u>\$ 2,804,557</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2021				
<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
US Treasury Bills	\$ 2,445,668	\$ 2,445,668	\$ -	\$ -
Total	<u>\$ 2,445,668</u>	<u>\$ 2,445,668</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.

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5. PROPERTY AND EQUIPMENT

The Organization owned the following property and equipment as of June 30, 2022 and 2021:

	2022	2021
Land	\$ 386,716	\$ 386,716
Building	732,379	498,300
Office Equipment	67,162	67,162
Vehicles	75,194	51,194
	1,261,451	1,003,372
Less accumulated depreciation	(514,488)	(496,088)
Net property and equipment	\$ 746,963	\$ 507,284

Depreciation expense for the years ended June 30, 2022 and 2021 were \$30,399 and \$31,187, respectively.

6. REVENUE

Contributions of nonfinancial assets consist of contributed vehicle and food from Second Harvest Food Bank. For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the statement of activities include:

	2022	2021
Vehicle	\$ 36,000	\$ -
Food	300,629	386,424
Total	\$ 336,629	\$ 386,424

Vehicle

Contributed vehicle is valued at the fair market value at the date of donation.

Food

Contributed food from government and non-government sources was utilized in the essential services and housing and family assistance programs. Contributed food was valued based on a cost study conducted for Feeding America. Contributed non-government products were valued at \$1.92 and \$1.79 per pound for the years ended on June 30, 2022 and 2021, respectively. Contributed government products were valued at \$1.53 and \$1.70 per pound for the years ended on June 30, 2022 and 2021, respectively.

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6. REVENUE (continued)

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. The following food assistance was received for the years ending June 30, 2022 and 2021. The related income and expense for each program is included in the Organization's financial statements

	<u>2022</u>	<u>2021</u>
Food Pantry	\$ 230,720	\$ 331,716
Community Food Drive Donations	69,909	54,597
Total Donations	<u>\$ 300,629</u>	<u>\$ 386,313</u>

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 Organization's financial statements do not include the Brown Bag and Family Harvest donations received below:

	<u>2022</u>	<u>2021</u>
Second Harvest Brown Bag Program	\$ 213,867	\$ 239,821
Second Harvest Family Harvest Program	156,951	119,026
Total	<u>\$ 370,818</u>	<u>\$ 358,847</u>

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, 2022 and 2021 are:

	<u>2022</u>	<u>2021</u>
San Mateo County Measure K - Rental Assistance	\$ 29,306	\$ 6,534
Community Service Block Grant - Rental Assistance	13,199	-
Season of Sharing	11,285	17,490
Silicon Valley Community Foundation COVID-19 Response Fund	8,200	-
Total	<u>\$ 61,990</u>	<u>\$ 24,024</u>

Coastside Hope
Notes to the Financial Statements
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6. REVENUE (continued)

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, 2022 and 2021 are:

	2022	2021
Adopt-a-Family	\$ 91,211	\$ 66,874
Rental/Shelter Assistance	251	675
Total	\$ 91,462	\$ 67,549

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, 2022 and 2021, the Organization’s volunteers prepared 287 and 405 tax returns, respectively. The Organization includes related grant income and operating expenses for this program in its financial statements.

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, 2022 and 2021, the Organization’s programs assisted 1,469 and 1,699 households in the community, comprising 3,791 and 4,100 individuals, respectively.

For the years ending June 30, 2022 and 2021, the Organization’s programs had 281 and 345 volunteers, who contributed 4,075 and 5,000 hours, respectively.

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7. NET ASSETS

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

	2022	2021
Adopt-a-Family Program	\$ 99,798	\$ 94,688
Social Services Program	214,806	106,300
COVID 19 Fund	-	115,626
Immigration Program	58,953	160,033
Time Restricted	231,375	-
Total Donor-Restricted Net assets	\$ 604,932	\$ 476,647

Net assets were released from donor restrictions as follows:

	2022	2021
Adopt-a-Family Program	\$ 91,211	\$ 66,874
Social Services Program	503,504	362,138
COVID 19 Fund	115,626	626,914
Immigration Program	230,098	86,984
Time Restricted	230,625	60,000
Total Net Assets Released from Restriction	\$ 1,171,064	\$ 1,202,910

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.

Coastside Hope
Notes to the Financial Statements
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8. LIQUIDITY AND AVAILABILITY (continued)

The following table reflects the Organization's financial assets as of June 30, 2022 and 2021, 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.

	<u>2022</u>	<u>2021</u>
Financial assets at year end		
Cash and cash equivalents	\$ 563,838	\$ 438,830
Investments	2,804,557	2,445,668
Receivables	<u>548,156</u>	<u>255,764</u>
Total Financial assets	3,916,551	3,140,262
Less amounts not available to be used within one year:		
Net assets with donor restrictions greater than one year	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,916,551</u>	<u>\$ 3,140,262</u>

9. DEBT

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

	<u>2022</u>	<u>2021</u>
Non-interest bearing note payable to San Mateo County Housing Division, secured by land & building. In November 2016, San Mateo County agreed to a due date in the year 2055.	<u>\$ 266,000</u>	<u>\$ 266,000</u>
Total Notes Payable	266,000	266,000
Less Current Portion	<u>-</u>	<u>-</u>
Total Long-Term Debt - Net	<u>\$ 266,000</u>	<u>\$ 266,000</u>

Coastside Hope
Notes to the Financial Statements
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9. DEBT (continued)

Future payments of principal for the years ended June 30:

2023	\$	-
2024		-
2025		-
2026		-
2027		-
Thereafter		<u>266,000</u>
Total		<u>\$ 266,000</u>

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, 2022 and 2021, the board member was paid \$12,000.

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, 2022 or 2021. The Organization is in compliance with the note's specific loan covenant requirements for the years ended June 30, 2022 and 2021.

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.

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Notes to the Financial Statements
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13. LEASE LIABILITY

The Organization leases copier equipment under an operating lease. Lease payments made during the fiscal year end totaled \$5,993. Future minimum lease payments are as follows:

For the Year Ending June 30:

2023	\$	5,251
2024		5,251
2025		1,313
Thereafter		-
Total		\$ 11,815

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 \$12,788 and \$11,838 matching contribution for years ended June 30, 2022 and 2021, respectively.

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, 2022 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.