

Coastside Hope
(a not-for-profit corporation)

Financial Statements
and
Independent Auditors' Report

For the Years Ended
June 30, 2024 and 2023



Coastside Hope
Neighbors Helping Neighbors In Need...

**Coastside Hope
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June 30, 2024 and 2023

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Independent Auditors' Report

To the Board of Directors and Management
Coastside Hope
El Granada, CA

Opinion

We have audited the financial statements of Coastside Hope, which comprise the statements of financial position as of June 30, 2024 and 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of Coastside Hope as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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, 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 Coastside Hope's ability to continue as a going concern for one year after the date that the financial statements are issued.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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.

A handwritten signature in black ink that reads "BryMar".

Cupertino, CA
January 6, 2025

Coastside Hope
Statement of Financial Position

June 30, 2024

	Without donor restriction	With donor restriction	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,227,881	\$ 290,999	\$ 1,518,880
Investments	3,003,223	-	3,003,223
Interest receivable	51,962	-	51,962
Accounts receivable	-	8,250	8,250
Government grants receivable	119,152	51,063	170,215
Community grants receivable	55,000	125,000	180,000
Inventory	13,242	-	13,242
Prepays	42,697	-	42,697
Deposit	5,000	-	5,000
Total current assets	4,518,157	475,312	4,993,469
Property and equipment, net	4,116,027	-	4,116,027
Right-of-use asset	1,306	-	1,306
Total assets	<u>\$ 8,635,490</u>	<u>\$ 475,312</u>	<u>\$ 9,110,802</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued expenses	\$ 134,575	\$ -	\$ 134,575
Current portion of lease liability	1,306	-	1,306
Deferred revenue	25,000	-	25,000
Total current liabilities	160,881	-	160,881
Long-term debt	3,516,000	-	3,516,000
Rental deposits	8,455	-	8,455
Total liabilities	3,685,336	-	3,685,336
Net assets			
Without donor restrictions	4,950,154	-	4,950,154
With donor restrictions	-	475,312	475,312
Total net assets	4,950,154	475,312	5,425,466
Total liabilities and net assets	<u>\$ 8,635,490</u>	<u>\$ 475,312</u>	<u>\$ 9,110,802</u>

See independent auditors' report and accompanying notes to the financial statements.

Coastside Hope
Statement of Financial Position

June 30, 2023

	Without donor restriction	With donor restriction	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,129,441	\$ 129,793	\$ 1,259,234
Investments	2,761,892	-	2,761,892
Government grants receivable	97,307	199,016	296,323
Community grants receivable	182,654	202,000	384,654
Inventory	30,011	-	30,011
Prepays	39,280	-	39,280
Total current assets	4,240,585	530,809	4,771,394
Property and equipment, net	4,058,835	-	4,058,835
Right-of-use asset	6,429	-	6,429
Total assets	<u>\$ 8,305,849</u>	<u>\$ 530,809</u>	<u>\$ 8,836,658</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued expenses	\$ 97,403	\$ -	\$ 97,403
Current portion of lease liability	5,123	-	5,123
Deferred revenue	50,000	-	50,000
Total current liabilities	152,526	-	152,526
Long-term debt	3,516,000	-	3,516,000
Lease liability, net of current portion	1,306	-	1,306
Rental deposits	8,455	-	8,455
Total liabilities	3,678,287	-	3,678,287
Net assets			
Without donor restrictions	4,627,562	-	4,627,562
With donor restrictions	-	530,809	530,809
Total net assets	4,627,562	530,809	5,158,371
Total liabilities and net assets	<u>\$ 8,305,849</u>	<u>\$ 530,809</u>	<u>\$ 8,836,658</u>

See independent auditors' report and accompanying notes to the financial statements.

Coastside Hope
Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2024

	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT			
Community contributions of financial assets	\$ 524,955	\$ 1,172,178	\$ 1,697,133
Immigration fees	64,600	-	64,600
Grants	348,820	-	348,820
Contribution of nonfinancial assets	572,747	-	572,747
Total revenue and support	1,511,122	1,172,178	2,683,300
Net asset released from restrictions	1,227,675	(1,227,675)	-
Total revenues and support with net asset released from restrictions	2,738,797	(55,497)	2,683,300
EXPENSES			
Program services	2,411,570	-	2,411,570
Management and general	202,641	-	202,641
Fundraising	42,071	-	42,071
Total expenses	2,656,282	-	2,656,282
OTHER INCOME (EXPENSES)			
Rental income	143,660	-	143,660
Other income	1,300	-	1,300
Gain on investments	37,321	-	37,321
Interest and dividend income	159,521	-	159,521
Interest expense	(101,725)	-	(101,725)
Total income	240,077	-	240,077
Total change in net assets	322,592	(55,497)	267,095
Net assets, beginning of year	4,627,562	530,809	5,158,371
Net assets, end of year	\$ 4,950,154	\$ 475,312	\$ 5,425,466

See independent auditors' report and accompanying notes to the financial statements.

Coastside Hope
Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT			
Community contributions of financial assets	\$ 799,510	\$ 1,288,041	\$ 2,087,551
Immigration fees	71,250	-	71,250
Grants	345,267	-	345,267
Contributions of nonfinancial assets	415,987	-	415,987
	<u>1,632,014</u>	<u>1,288,041</u>	<u>2,920,055</u>
Total revenue and support			
Net asset released from restrictions	1,362,164	(1,362,164)	-
	<u>2,994,178</u>	<u>(74,123)</u>	<u>2,920,055</u>
Total revenues and support with net asset released from restrictions			
EXPENSES			
Program services	2,097,162	-	2,097,162
Management and general	144,312	-	144,312
Fundraising	38,390	-	38,390
	<u>2,279,864</u>	<u>-</u>	<u>2,279,864</u>
Total expenses			
OTHER INCOME (EXPENSES)			
Rental income	59,400	-	59,400
Gain on investments	27,171	-	27,171
Interest and dividend income	47,979	-	47,979
	<u>134,550</u>	<u>-</u>	<u>134,550</u>
Total expenses			
Total change in net assets	848,864	(74,123)	774,741
Net assets, beginning of year	3,778,698	604,932	4,383,630
Net assets, end of year	<u>\$ 4,627,562</u>	<u>\$ 530,809</u>	<u>\$ 5,158,371</u>

See independent auditors' report and accompanying notes to the financial statements.

**Coastside Hope
Statement of Functional Expenses**

For the Year Ended June 30, 2024

	Program Services	General and Administrative	Fundraising	Total
Payroll and benefits	\$ 935,617	\$ 26,082	\$ 20,350	\$ 982,049
Professional services	125,670	32,800	-	158,470
Professional development and hospitality	18,672	-	-	18,672
Insurance	35,363	-	-	35,363
Property tax	12,554	9,080	-	21,634
Building repairs and maintenance	33,285	2,862	-	36,147
Storage rental	9,600	-	-	9,600
Utilities	38,564	1,774	-	40,338
Telephone	6,191	-	-	6,191
Postage and delivery	2,763	-	-	2,763
Printing and copying	5,915	-	-	5,915
Supplies	12,108	-	-	12,108
Marketing and fundraising	23,155	-	21,721	44,876
Adopt-a-Family	88,657	-	-	88,657
Safety Net program/ rental assistance	233,413	-	-	233,413
Food bank	88,887	-	-	88,887
Immigration Program	27,224	-	-	27,224
Vehicle expenses	4,147	-	-	4,147
Rental property expenses	-	26,777	-	26,777
Bank charges	4,001	-	-	4,001
Nonfinancial donations	572,747	-	-	572,747
Taxes	-	200	-	200
Depreciation	77,956	62,691	-	140,647
Program travel	2,146	-	-	2,146
Membership dues	2,313	-	-	2,313
IT services	26,712	-	-	26,712
Scholarship program	6,000	-	-	6,000
Miscellaneous expense	16,770	-	-	16,770
Capital campaign	1,140	40,375	-	41,515
	<u>\$ 2,411,570</u>	<u>\$ 202,641</u>	<u>\$ 42,071</u>	<u>\$ 2,656,282</u>

See independent auditors' report and accompanying notes to the financial statements.

**Coastside Hope
Statement of Functional Expenses**

For the Year Ended June 30, 2023

	Program Services	General and administrative	Fundraising	Total
Payroll and benefits	\$ 758,005	\$ 22,663	\$ 16,909	\$ 797,577
Professional services	81,425	21,576	-	103,001
Professional development and hospitality	7,045	4,000	-	11,045
Insurance	19,110	-	-	19,110
Property tax	4,353	-	-	4,353
Building repairs and maintenance	48,974	-	-	48,974
Storage rental	9,600	-	-	9,600
Utilities	14,566	-	-	14,566
Telephone	3,956	-	-	3,956
Purchase costs	-	24,338	-	24,338
Postage and delivery	2,700	-	-	2,700
Printing and copying	5,915	-	-	5,915
Supplies	12,085	-	-	12,085
Marketing and fundraising	11,182	-	21,481	32,663
Adopt-a-Family	104,488	-	-	104,488
Safety Net program/ rental assistance	503,742	-	-	503,742
Food bank	26,409	-	-	26,409
Immigration Program	5,284	-	-	5,284
Vehicle expenses	4,479	-	-	4,479
Rental property expenses	-	53,564	-	53,564
Bank charges	5,879	-	-	5,879
Nonfinancial donations	417,964	-	-	417,964
Taxes	-	2,017	-	2,017
Depreciation	28,744	16,154	-	44,898
Program travel	259	-	-	259
Membership dues	283	-	-	283
IT services	20,715	-	-	20,715
	<u>\$ 2,097,162</u>	<u>\$ 144,312</u>	<u>\$ 38,390</u>	<u>\$ 2,279,864</u>

See independent auditors' report and accompanying notes to the financial statements.

Coastside Hope Statement of Cash Flows

For the Year Ended June 30, 2024

	Without donor restrictions	With donor restrictions	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$ 322,592	\$ (55,497)	\$ 267,095
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities			
Depreciation	140,647	-	140,647
Donated securities	(17,600)	-	(17,600)
Gain on investments	(37,321)	-	(37,321)
Contributions restricted to building project	-	(185,200)	(185,200)
(Increase) decrease in operating assets:			
Interest receivable	(51,962)	-	(51,962)
Accounts receivable	-	(8,250)	(8,250)
Government grants receivable	(21,845)	147,953	126,108
Community grants receivable	127,654	77,000	204,654
Inventory	16,769	-	16,769
Prepays	(3,417)	-	(3,417)
Deposit	(5,000)	-	(5,000)
Increase (decrease) in operating liabilities:			
Accounts payable and accrued expenses	4,585	-	4,585
Deferred revenue	(25,000)	-	(25,000)
Net cash provided by (used in) operating activities	450,102	(23,994)	426,108
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	(165,252)	-	(165,252)
Proceeds from investments	2,783,313	-	2,783,313
Acquisition of investments	(2,969,723)	-	(2,969,723)
Net cash provided by (used in) investing activities	(351,662)	-	(351,662)
CASH FLOWS FROM FINANCING ACTIVITIES			
Collections of contributions restricted to building project	-	185,200	185,200
Net cash provided by (used in) financing activities	-	185,200	185,200
Net increase (decrease) in cash and cash equivalents	98,440	161,206	259,646
Cash and cash equivalents, beginning of year	1,129,441	129,793	1,259,234
Cash and cash equivalents, end of year	\$ 1,227,881	\$ 290,999	\$ 1,518,880
SUPPLEMENTAL CASH FLOW DISCLOSURES			
Cash paid for income taxes	\$ 200	\$ -	\$ 200
Cash paid for interest	\$ 101,725	\$ -	\$ 101,725
Nonfinancial asset contributions	\$ 572,747	\$ -	\$ 572,747
Nonfinancial asset distributions	\$ 572,747	\$ -	\$ 572,747
Operating cash flows from operating leases	\$ 5,123	\$ -	\$ 5,123
Property and equipment acquired through liabilities	\$ 32,587	\$ -	\$ 32,587

See independent auditors' report and accompanying notes to the financial statements.

Coastside Hope Statement of Cash Flows

For the Year Ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$ 848,864	\$ (74,123)	\$ 774,741
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities			
Depreciation	44,898	-	44,898
Donated securities	(1,040)	-	(1,040)
Gain on investments	(27,171)	-	(27,171)
(Increase) decrease in operating assets:			
Government grants receivable	77,942	(168,476)	(90,534)
Community grants receivable	(102,287)	60,000	(42,287)
Inventory	1,977	-	1,977
Prepays	(26,043)	-	(26,043)
Increase (decrease) in operating liabilities:			
Accounts payable and accrued expenses	41,749	-	41,749
Deferred revenue	50,000	-	50,000
Rental deposits	5,000	-	5,000
Net cash provided by (used in) operating activities	913,889	(182,599)	731,290
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	(3,356,770)	-	(3,356,770)
Proceeds from investments	2,035,233	-	2,035,233
Acquisition of investments	(1,964,357)	-	(1,964,357)
Net cash provided by (used in) investing activities	(3,285,894)	-	(3,285,894)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from notes payable	3,250,000	-	3,250,000
Net cash provided by (used in) financing activities	3,250,000	-	3,250,000
Net increase (decrease) in cash and cash equivalents	877,995	(182,599)	695,396
Cash and cash equivalents, beginning of year	251,446	312,392	563,838
Cash and cash equivalents, end of year	\$ 1,129,441	\$ 129,793	\$ 1,259,234
SUPPLEMENTAL CASH FLOW DISCLOSURES			
Cash paid for income taxes	\$ 2,017	\$ -	\$ 2,017
Nonfinancial asset contributions	\$ 415,987	\$ -	\$ 415,987
Nonfinancial asset distributions	\$ 417,964	\$ -	\$ 417,964
Operating cash flows from operating leases	\$ 4,965	\$ -	\$ 4,965
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 11,394	\$ -	\$ 11,394

See independent auditors' report and accompanying notes to the financial statements.

Coastside Hope Notes to Financial Statements

June 30, 2024 and 2023

NOTE 1 - NATURE OF ACTIVITIES

Coastside Hope (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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under the accrual basis of accounting, revenue and support are recorded when earned and expenses when incurred and accordingly reflect all significant receivables, payables and other liabilities.

Basis of presentation

The Organization presents information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restrictions consist of net assets that are for use in general operations and are not subject to donor (or certain grantor) restrictions. The governing board has not designated any amounts from net assets without donor restrictions.
- Net assets with donor restrictions represent contributions whose use has imposed restrictions. The 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. 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 has been fulfilled, or both.

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 at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 statements of financial position as donor-restricted.

Coastside Hope
Notes to Financial Statements

June 30, 2024 and 2023

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Accounts receivable

All accounts receivable 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 credit losses has been recorded. The accounts receivable balance as of July 1, 2022 was \$0.

All grants and pledges receivable 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.

Fair value of financial instruments

Financial instruments included in the Organization's statements of financial position as of June 30, 2024 and 2023 include cash, investments, receivables, accounts payable and accrued expenses, and notes payable. The carrying amounts of these financial instruments represent a reasonable estimate of the corresponding fair values.

Prepays

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

Deposit

The deposit is expected to be returned within the next year.

Property and equipment

Land, buildings, office equipment, and vehicles 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 5 to 30 years, based on the nature of the asset.

Building and building improvements	5-30 years
Office equipment	5-15 years
Vehicles	5 years

Accounts payable and accrued expenses

Accounts payable and accrued expenses consist of amounts due for expenses incurred but not paid until the subsequent year as well as the accrual for wages and compensated absences.

Coastside Hope

Notes to Financial Statements

June 30, 2024 and 2023

Leases

The Organization elects to not recognize a lease liability or right-of-use asset for leases with a remaining lease term of 12 months or less.

Right-of-use assets

A contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are amortized on a straight-line basis over its lease term. Right-of-use assets are subject to evaluation of potential impairment.

Lease liabilities

At the commencement date of the lease, the Organization recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

In calculating the present value of lease payments, the Organization uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

Revenue recognition – contracts with customers

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.

Immigration revenue

The Organization earns 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. The Financial Accounting Standards Board (“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.

Coastside Hope

Notes to Financial Statements

June 30, 2024 and 2023

Revenue recognition - contributions and grants

Contributions and grants 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.

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. In 2023, the Organization received a conditional grant for \$20,000 and met the conditions for half of the grant. The remaining half is expected to be earned next year.

For the years ending June 30, 2024 and 2023, net assets with donor restrictions totaling \$645,512 and \$530,809 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.

Contributions of nonfinancial assets

The Organization records nonfinancial support including contributed assets and professional services. Contributed professional services are recognized if the services received (a) create or enhance a non-financial asset or (b) require specialized skills, provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of tangible 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. The amounts reflected in the accompanying financial statements as nonfinancial contributions are offset by like amounts included in expense.

Rental income

Rental income is made up of rents earned during the year. The rental revenue is recognized when it is earned.

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 Financial Statements

June 30, 2024 and 2023

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 pays unrelated business income tax on rental activities that are not related to its exempt purpose. For the years ended June 30, 2024 and 2023, the Organization's unrelated business income tax was \$0.

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, 2024 and 2023.

Recent accounting standards

Current expected credit losses — In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 326 which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were accounts receivable. The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

NOTE 3 - INVESTMENTS

Organization reports investments at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs.

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.

Coastside Hope Notes to Financial Statements

June 30, 2024 and 2023

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.

During 2024 and 2023, 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, 2024 and 2023.

	<u>2024</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant other unobservable inputs (Level 3)</u>
Publicly Traded - US Treasury Bill	\$ 150,000	\$ 150,000	\$ -	\$ -
Publicly Traded - Certificates of Deposit	2,853,223	2,853,223	-	-
	<u>\$ 3,003,223</u>	<u>\$ 3,003,223</u>	<u>\$ -</u>	<u>\$ -</u>
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant other unobservable inputs (Level 3)</u>
	<u>2023</u>			
Publicly Traded - US Treasury Bill	\$ 353,545	\$ 353,545	\$ -	\$ -
Publicly Traded - Certificates of Deposit	2,408,347	2,408,347	-	-
	<u>\$ 2,761,892</u>	<u>\$ 2,761,892</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 - PROPERTY AND EQUIPMENT

At June 30, 2024 and 2023, the value of the property and equipment and related accumulated depreciation is as follows:

	<u>2024</u>	<u>2023</u>
Land	\$ 707,216	\$ 707,216
Building and building improvements	3,966,487	3,768,648
Office equipment	67,162	67,162
Vehicles	75,194	75,194
Less: accumulated depreciation and amortization	<u>(700,032)</u>	<u>(559,385)</u>
	<u>\$ 4,116,027</u>	<u>\$ 4,058,835</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$140,647 and \$44,898, respectively.

Coastside Hope
Notes to Financial Statements

June 30, 2024 and 2023

NOTE 5 - CONTRIBUTIONS OF NONFINANCIAL ASSETS

Contributions of nonfinancial assets consist of contributed food from Second Harvest Food Bank and is not donor restricted. For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the statements of activities and changes in net assets include:

	2024	2023
Food	\$ 572,747	\$ 415,987
	\$ 572,747	\$ 415,987

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 \$1.97 and \$1.93 per pound for the years ended on June 30, 2024 and 2023, respectively. Contributed government products were valued at \$1.74 and \$1.57 per pound for the years ended on June 30, 2024 and 2023, respectively.

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, 2024 and 2023. The related income and expense for each program is included in the Organization's financial statements.

	2024	2023
Food pantry	\$ 199,702	\$ 83,799
Community food drive donations	373,045	332,188
	\$ 572,747	\$ 415,987

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:

	2024	2023
Second Harvest Brown Bag program	\$ 155,377	\$ 184,880
Second Harvest Family Harvest program	148,724	143,676
	\$ 304,101	\$ 328,556

Coastside Hope Notes to Financial Statements

June 30, 2024 and 2023

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, 2024 and 2023 are:

	2024	2023
San Mateo County Measure K - Rental Assistance	\$ 52,620	\$ 16,992
Community Service Block Grant - Rental Assistance	4,751	5,493
Season of Sharing	17,848	66,799
Silicon Valley Community Foundation COVID-19 Response Fund	-	7,185
	\$ 75,219	\$ 96,469

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, 2024 and 2023 are:

	2024	2023
Adopt-a-Family	\$ 88,657	\$ 104,488
Rental/shelter assistance	240,560	-
	\$ 329,217	\$ 104,488

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, 2024 and 2023, the Organization’s volunteers prepared 186 and 153 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, 2024 and 2023, the Organization’s programs assisted 1,968 and 1,644 households in the community, comprising 4,674 and 4,052 individuals, respectively.

For the years ending June 30, 2024 and 2023, the Organization’s programs had 353 and 575 volunteers, respectively.

**Coastside Hope
Notes to Financial Statements**

June 30, 2024 and 2023

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Donor-restricted net assets for the years ended June 30, 2024 and 2023 consisted of the following purposes:

	<u>2023</u>	<u>Additions</u>	<u>Releases</u>	<u>2024</u>
Adopt-a-Family	\$ 71,740	\$ 106,167	\$ (88,658)	\$ 89,249
Social Services Fund	233,021	487,784	(644,742)	76,063
Immigration Program	54,673	83,027	(137,700)	-
Capital Campaign	-	185,200	(185,200)	-
Time restricted	171,375	310,000	(171,375)	310,000
	<u>\$ 530,809</u>	<u>\$ 1,172,178</u>	<u>\$ (1,227,675)</u>	<u>\$ 475,312</u>
	<u>2022</u>	<u>Additions</u>	<u>Releases</u>	<u>2023</u>
Adopt-a-Family	\$ 99,798	\$ 76,430	\$ (104,488)	\$ 71,740
Social Services Fund	214,806	1,078,324	(1,060,109)	233,021
Immigration Program	58,953	133,287	(137,567)	54,673
Time restricted	231,375	-	(60,000)	171,375
	<u>\$ 604,932</u>	<u>\$ 1,288,041</u>	<u>\$ (1,362,164)</u>	<u>\$ 530,809</u>

NOTE 7 - 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, 2024 and 2023, 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. Amounts not available to meet general expenditures within one year also include net assets with donor restrictions greater than one year and special time restricted projects outside of the Organization's core programs.

**Coastside Hope
Notes to Financial Statements**

June 30, 2024 and 2023

	2024	2023
Cash and cash equivalents	\$ 1,518,880	\$ 1,259,234
Investments	3,003,223	2,761,892
Accounts receivable	8,250	-
Government grants receivable	170,215	296,323
Community grants receivable	180,000	384,654
Less: restricted cash	(290,999)	(129,793)
	\$ 4,589,569	\$ 4,572,310

NOTE 8 - DEBT

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

	2024	2023
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 year 2055.	\$ 266,000	\$ 266,000
Interest bearing note payable to San Mateo County Housing Division, secured by land and building. In June 2023, San Mateo County agreed to a due date in year 2028.	3,250,000	3,250,000
	\$ 3,516,000	\$ 3,516,000

The Organization entered into an agreement with the San Mateo County Housing Division to provide financing for their operating premises. 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 entered into another agreement with San Mateo County Housing Division to provide financing for a new operating premises. The terms include, the face value of the debt of \$3,250,000 plus monthly interest payments of 3.13% per annum. The agreement includes a balloon payment clause that states in August 2028, the Organization is to repay the entire unpaid principal balance and all accrued but unpaid interest. Monthly interest payments commenced in August 2023 and end in August 2028.

Future payments of principal for the years ended June 30:

2025	\$ -
2026	-
2027	-
2028	-
2029	3,250,000
Thereafter	266,000
	\$ 3,516,000

Coastside Hope
Notes to Financial Statements

June 30, 2024 and 2023

NOTE 9 - RELATED PARTY

Storage space was 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, 2024 and 2023, the board member was paid \$9,600. In April 2024 the board member retired from the board.

NOTE 10 - 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.

NOTE 11 - 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, 2024 and 2023, there was one donor who contributed over 10 percent of revenue. For the years ended June 30, 2024 and 2023, there were three donors who had outstanding receivable balances over 10 percent.

NOTE 12 - LEASE

The Organization entered into a lease agreement for a copier. The term of the lease is for five years, commencing October 21, 2019 and ending September 21, 2024, with a discount rate of 3.13%.

Below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	<u>Copier</u>
July 1, 2022	\$ -
Additions	11,394
Amortization	<u>(4,965)</u>
July 1, 2023	6,429
Amortization	<u>(5,123)</u>
June 30, 2024	<u>\$ 1,306</u>

**Coastside Hope
Notes to Financial Statements**

June 30, 2024 and 2023

Below are the carrying amounts of lease liabilities and the movements during the period:

	2024	2023
July 1	\$ 6,429	\$ -
Additions	-	11,394
Payments	(5,123)	(4,965)
June 30	1,306	6,429
Less: current portion	(1,306)	(5,123)
Non-current	\$ -	\$ 1,306

The table below reconciles the fixed components of the undiscounted cash flows for each of the first five years and the total remaining years to the lease liabilities recorded on the statement of financial position as of June 30, 2024. Lease payments made during the fiscal year end totaled \$5,251. Amounts due for the 12 months ended June 30 are as follows:

2025	\$ 1,313
Thereafter	-
Total lease payments	1,313
Less: interest	(7)
Present value of lease liabilities	\$ 1,306

In December 2024, the Organization entered into a lease agreement for a copier. The term of the lease is for five years, commencing December 2024 and ending November 2029 with monthly payments of \$732.15.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The Organization records an accrual for contingent liabilities when a liability is both probable and reasonably estimable. With regard 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, 2024 and 2023. The Organization is in compliance with both of the notes' specific loan covenant requirements for the years ended June 30, 2024 and 2023.

NOTE 14 - RETIREMENT PLAN

The Organization 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 \$15,020 and \$14,049 matching contribution for years ended June 30, 2024 and 2023, respectively.

Coastside Hope
Notes to Financial Statements

June 30, 2024 and 2023

NOTE 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, 2024 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.

In December 2024, the Organization entered into a lease agreement for a copier. See Note 12 for more details.

No other subsequent events require disclosure or recognition.