

Peninsula Family Connections

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTTI & COMPANY, LLP
Certified Public Accountants

PENINSULA FAMILY CONNECTIONS
Financial Statements

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Independent Auditor's Report

Board of Directors
Peninsula Family Connections
Palo Alto, CA

Opinion

We have audited the accompanying financial statements of Peninsula Family Connections (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, statement of functional expenses and cash flows for the year the 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 Peninsula Family Connections as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Peninsula Family Connections and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 Peninsula Family Connection's ability to continue as 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 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.

Notti & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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 Peninsula Family Connections 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 Peninsula Family Connection'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.

Notti & Company, LLP

Notti & Company, LLP
San Rafael, CA
January 24, 2024

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF FINANCIAL POSITION
Year ended June 30, 2023

	2023	2022
ASSETS		<u>Memorandum</u>
		<u>Total</u>
Current assets		
Cash and cash equivalents	\$ 721,227	\$ 764,766
Accounts receivable	328,690	138,511
Grants receivable	134,328	94,689
Property and equipment, net of \$20,380 of accumulated depreciation	5,123	6,863
Security deposit and other assets	13,846	17,314
TOTAL ASSETS	\$ 1,203,214	\$ 1,022,143
 LIABILITIES AND NET ASSETS		
Liabilities		
Payroll payable	\$ 18,242	\$ 14,948
Accounts payable	13,694	9,029
Credit cards payable	12,998	4,883
Accrued vacation	3,301	2,403
TOTAL LIABILITIES	48,235	31,263
Net assets		
Without donor restrictions	826,979	810,883
With donor restrictions	328,000	179,997
TOTAL LIABILITIES AND NET ASSETS	\$ 1,203,214	\$ 1,022,143

See accompanying notes and independent accountants' report

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended June 30, 2023

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Memorandum Total
Revenues and support				
Contributions	\$ 374,312	\$ 506,000	\$ 880,312	\$ 801,359
Government grants and contract income	594,347	-	594,347	508,051
Fundraising events, net of \$16,838 costs	178,787	-	178,787	117,421
Interest and dividend income	9,205	-	9,205	1,607
Realized gain/(loss) on sale	240	-	240	400
Other income	19,945	-	19,945	2,500
Net assets released from restrictions	357,997	(357,997)	-	-
Total public support and revenue	1,534,833	148,003	1,682,836	1,431,338
Expenses				
Program services	1,113,896	-	1,113,896	899,719
Management and general	201,309	-	201,309	158,811
Fundraising	203,533	-	203,533	196,371
Total operating expenses	1,518,738	-	1,518,738	1,254,901
Change in net assets	16,096	148,003	164,099	176,437
Net assets, beginning of year	810,883	179,997	990,880	814,443
Net assets, end of year	\$ 826,979	\$ 328,000	\$ 1,154,979	\$ 990,880

See accompanying notes and independent accountants' report

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2023

	2023				2022
	Program Services	Management and General	Fundraising	Total	Memorandum Total
Salaries and wages	\$ 722,067	88,846	62,135	\$ 873,048	\$ 704,057
Fringe Benefits	76,023	40,948	5,139	122,110	66,345
Payroll taxes	55,442	6,868	4,799	67,109	62,645
TOTAL SALARIES AND RELATED EXPENSES	853,532	136,662	72,073	1,062,267	833,047
Accounting and legal	-	22,500	-	22,500	21,334
Advertising	1,551	100	3,847	5,498	9,473
Banking services and fees	177	70	2,240	2,487	3,156
Classroom materials	9,183	51	-	9,234	9,198
Contract and consulting services	19,988	17,873	75,268	113,129	112,582
Depreciation expense	1,444	192	104	1,740	2,628
Dues and subscriptions	5,776	3,133	5,006	13,915	13,460
Equipment rentals	5,315	175	123	5,613	2,932
Fundraising and development	199	-	36,695	36,894	26,536
Furniture and equipment	18,315	1,222	-	19,537	7,094
Insurance	6,260	3,659	496	10,415	13,135
Licenses and fees	1,200	-	-	1,200	1,133
Maintenance and repair	40,177	2,842	1,955	44,974	40,300
Occupancy	102,889	8,901	4,838	116,628	116,628
Office expenses	4,166	640	40	4,846	2,788
Payroll service	-	1,253	-	1,253	1,248
Postage and delivery	158	127	143	428	975
Printed materials	1,743	9	2	1,754	2,363
Program Events	1,646	-	-	1,646	-
Recruiting	8,367	670	-	9,037	6,223
Student and family activities	21,078	263	161	21,502	18,261
Telephone and communications	7,761	895	490	9,146	8,154
Travel	1,634	72	52	1,758	1,044
Utilities	1,337	-	-	1,337	1,209
TOTAL EXPENSES	\$ 1,113,896	\$ 201,309	\$ 203,533	\$ 1,518,738	\$ 1,254,901

See accompanying notes and independent accountants' report

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF CASH FLOWS
Year ended June 30, 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase/(decrease) in net assets	\$ 164,099	\$ 176,437
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation	1,740	2,628
Decrease/ (increase) in operating assets:		
Accounts receivable	(229,818)	(21,189)
Prepaid expenses	3,468	(92)
Increase/(decrease) in operating liabilities:		
Payroll payable	3,294	14,948
Accounts payable	4,665	1,079
Credit cards	8,115	3,574
Accrued vacation	898	177
Net cash provided /(used) by operating activities	(43,540)	177,562
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(7,684)
Net cash provided /(used) by investing activities	-	(7,684)
Net increase /(decrease) in cash and cash equivalents	(43,540)	169,878
Cash and cash equivalents, beginning of year	764,766	594,888
Cash and cash equivalents, end of year	\$ 721,227	\$ 764,766

See accompanying notes and independent accountants' report

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES

ORGANIZATION

Founded in 1993, Family Connections is a 501(c)3 organization (The Organization) whose mission is to create the highest quality family learning community so underserved children and parents together become the drivers of their own success. The Organization vision is: Thriving kids through thriving families. Family Connections offers a continuum of services through our Thriving Families and Young Scholars programs, creating the ongoing academic enrichment and social/emotional development necessary to achieve grade level benchmarks in elementary school. Family Connections ensures our services incorporate best practices in family support and early learning and include strong, evidence-based parent education and parent coaching components that empower parents to inhabit their role as their child's first and most influential teacher. The overall goals of the Organization are to meet the crucial needs of families with children from birth through 5th grade, and to promote optimal family functioning for young children to thrive and achieve success in school and life. Our tuition-free parent-participation early childhood education, parent education, and comprehensive family support system is designed to promote thriving children through serving the whole family. The Organization aims to achieve lasting, generational change as children are academically, socially, and emotionally prepared to succeed in school and life, and parents/families become role models and leaders at home and in their communities.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Organization's policy is to prepare its financial statements on the accrual basis of accounting. Revenues are recognized when earned, and expenses and purchases of assets are recognized when the related obligation has been incurred.

CASH AND CASH EQUIVALENTS

Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity date that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates of three months or less.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost, with the Organization capitalizing any asset purchase greater than \$2,500. Depreciation is computed using the straight-line method over estimated useful lives of three to seven years. Expenditures for maintenance, repairs and minor equipment purchases are charged to expense as incurred.

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

VOLUNTEER SERVICES

The Organization receives many hours of donated services which are not recorded as revenue or expenses herein. The value of such services is not susceptible to objective evaluation or measurement.

BASIS OF PRESENTATION

Financial statement presentation follows Not-for-Profit Entities topics of the Financial Accounting Standards Codification. As such, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without Donor Restrictions

Assets without donor restriction consist of all resources of the Organization, which have not been specifically restricted by a donor. Without donor restricted assets may include funds which have been designated by the Board of Directors for a specific purpose.

With Donor Restrictions

Assets with donor restrictions consist of cash and other assets received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, or the purpose of the restriction is accomplished, assets with donor restrictions are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions. As of June 30, 2023, there was \$328,000 in assets with donor restrictions.

INCOME TAXES

The Organization is exempt from federal income taxes and state franchise taxes under Section 501 (c) (3) of the Internal Revenue Code and Section 23701d of the Revenue and Taxation Code of the State of California. The Organization files annual exempt organization informational returns with the Internal Revenue Service and the California Franchise Tax Board. Management evaluated the Organization's tax positions and concluded that the Organization has maintained its tax-exempt status and has taken no uncertain tax positions that require adjustment to the financial statements. Accordingly, there is no such provision for Federal or State income taxes. Management believes there is no unrelated business income. Federal and state authorities generally have the right to examine and audit the previous years of tax returns filed (Federal for three years and California four years).

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

Contributions are recognized at either time of receipt or when a donor makes a promise that is, in substance, unconditional. Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Grants and contract income are recognized at the time that either the income has been earned or the expenses related to the specific grant have been incurred.

UNCERTAIN TAX POSITION

Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

FUNCTIONAL EXPENSES

The cost of providing the Organization's programs has been summarized by natural classification in these financial statements. Based on management's estimates, costs have been allocated between programs, management and general and fundraising as they relate to those functions.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Furniture	\$ <u>25,503</u>
Less accumulated depreciation	<u>(20,380)</u>
Total	\$ <u><u>5,123</u></u>

Depreciation expense totaled \$1,740 for the year ended June 30, 2023.

NOTE 4. CONCENTRATION OF CREDIT RISK

The Organization maintains checking and savings accounts at a major national bank. It also maintains money-market accounts at a major national brokerage firm and at a local credit union. Funds are insured by the FDIC up to \$250,000 per banking institution. At June 30, 2023, the balances on deposit, per institution, were above the FDIC limit.

The Organization has a line of credit available to them through First Republic Bank for \$100,000. As of June 30, 2023, there was \$0 drawn on the line of credit.

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 5. FACILITY OBLIGATIONS

The Organization leases classroom space in Redwood City. The lease was signed in 2016 and expires June 30, 2024. The future lease commitment on June 30, 2023, for Redwood City is as follows:

Gross Obligation	
6/30/2024	\$36,000

The Organization also leased office space for its administration office in Palo Alto. The lease was signed in 2021 and expires December 30, 2024. The future lease commitment at June 30, 2023 for Palo Alto is as follows:

Gross Obligation	
6/30/2024	\$40,326

The total rent expense for the Organization totaled \$116,628 for the year ending June 30, 2023. Included in this total was an in-kind donation of office lease payments of \$80,628 for the current year by the landlord.

NOTE 6. MEMORANDUM TOTALS

The total columns captioned “2022 Memorandum total” represent certain prior year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with the audited financial statements of Peninsula Family Connections for the year ended June 30, 2022, from which the summarized information was derived.

NOTE 7. RESTRICTIONS ON NET ASSETS

All revenues are considered to be available without donor restrictions use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes, are reported as net assets with donor restrictions. When a restriction is fulfilled or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

Net assets with donor restrictions are available for the following purposes as of June 30, 2023:

Subject to expenditure for specified purposes:	
Multiyear grants	\$ 328,000

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Company's financial assets as of the balance sheet date, reduced by amounts not available for general use because of donor-imposed restrictions:

Financial Assets at year-end	\$ 721,227
Less those unavailable for general expenditures within one year, due to:	
Donor restricted to Multiyear grant	<u>328,000</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 393,227</u>

As part of the Company's liquidity management, cash is deposited in the main checking account, though amounts over three months of expenses may be moved to a higher interest savings account and amounts over 6 months operating expenses may be moved into CDs. All cash is maintained in FDIC or FSLIC insured bank accounts.

NOTE 9. FUNDRAISING EVENTS

Fundraising events income includes donations designated for specific fundraising events. Due to the pandemic during the current fiscal year, the Organization held a virtual fundraiser. Revenue included sponsorships, an auction, and a fund-a-need where attendees were asked to donate to help support a specific program or service. Expenses include hiring contractors, technology needed to support a virtual event, catering, and other event specific costs.

NOTE 10. SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 24, 2024 (the date the financial statements were available to be issued).