

Peninsula Family Connections

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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

We have audited the accompanying financial statements of Peninsula Family Connections (a non-profit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Report on Summarized Comparative Information

We have previously audited the Peninsula Family Connections June 30, 2019 financial statements, and our report dated February 3, 2020, expressed an unmodified opinion of those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Notti & Company, LLP

Notti & Company, LLP
San Rafael, California
January 15, 2021

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF FINANCIAL POSITION
Year ended June 30, 2020

	2020	2019
ASSETS		Memorandum <u>Total</u>
Current assets		
Cash and cash equivalents	\$ 577,991	\$ 307,284
Accounts receivable	65,734	101,271
Grants receivable	68,431	48,854
Property and equipment, net of \$36,459 of accumulated depreciation	7,504	15,126
Security deposit and other assets	19,667	22,092
TOTAL ASSETS	\$ 739,327	\$ 494,627
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 8,380	\$ 4,604
Credit cards payable	2,133	4,120
PPP Refundable Advance Loan	1,719	-
Accrued vacation	2,795	1,920
TOTAL LIABILITIES	15,027	10,644
Net assets		
Without donor restrictions	683,722	412,599
With donor restrictions	40,578	71,384
TOTAL LIABILITIES AND NET ASSETS	\$ 739,327	\$ 494,627

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, 2020

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Memorandum Total
Revenues and support				
Contributions	\$ 625,055	\$ 37,500	\$ 662,555	\$ 610,581
Government grants and contract income	521,943	-	521,943	337,060
Program tuition and fees	-	-	-	2,600
Fundraising events	134,799	-	134,799	171,936
Interest and dividend income	1,859	-	1,859	206
Realized loss on sale	(216)	-	(216)	(1,506)
Loss on disposal of assets	-	-	-	(286)
Other income	-	-	-	500
Net assets released from restrictions	68,306	(68,306)	-	-
Total public support and revenue	1,351,746	(30,806)	1,320,940	1,121,091
Expenses				
Program services	626,816	-	626,816	603,615
Management and general	179,795	-	179,795	165,047
Fundraising	274,012	-	274,012	247,715
Total operating expenses	1,080,623	-	1,080,623	1,016,377
Change in net assets	271,123	(30,806)	240,317	104,714
Net assets, beginning of year	412,599	71,384	483,983	379,269
Net assets, end of year	\$ 683,722	\$ 40,578	\$ 724,300	\$ 483,983

See accompanying notes and independent accountants' report

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2020

	2020				2019
	Program Services	Management and General	Fundraising	Total	Memorandum Total
Salaries and wages	\$ 392,945	\$ 97,511	\$ 164,821	\$ 655,277	\$ 593,875
Fringe Benefits	55,879	18,653	22,984	97,516	93,474
Payroll taxes	30,106	7,443	12,534	50,083	45,913
TOTAL SALARIES AND RELATED EXPENSES	478,930	123,607	200,339	802,876	733,262
Accounting and legal	-	20,394	-	20,394	21,348
Advertising	-	1,141	1,767	2,908	17,402
Banking services and fees	-	354	2,108	2,462	3,391
Classroom materials	14,785	304	427	15,515	12,756
Contract and consulting services	11,901	10,016	18,649	40,566	60,083
Depreciation expense	4,498	1,220	1,905	7,622	7,250
Dues and subscriptions	2,614	4,543	5,441	12,598	8,573
Equipment rentals	4,335	385	643	5,364	4,702
Fundraising and development	-	-	15,534	15,534	21,307
Furniture and equipment	777	1,941	1,932	4,651	14,556
Insurance	4,699	4,364	1,981	11,044	7,663
Licenses and fees	2,880	185	-	3,065	4,597
Maintenance and repair	7,309	463	551	8,324	14,119
Meeting expenses	685	70	103	858	660
Occupancy	75,041	7,240	12,219	94,500	50,096
Office expenses	706	811	320	1,837	5,057
Payroll service	-	1,187	-	1,187	1,733
Postage and delivery	79	256	908	1,243	2,178
Printed materials	174	48	82	304	2,756
Recruiting	5,669	42	-	5,711	-
Student and family activities	5,000	-	7,675	12,675	16,409
Telephone and communications	4,907	771	1,288	6,966	4,251
Travel	824	420	80	1,324	1,056
Utilities	1,003	35	60	1,098	1,172
TOTAL EXPENSES	\$ 626,816	\$ 179,795	\$ 274,012	\$ 1,080,623	\$ 1,016,377

See accompanying notes and independent accountants' report

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF CASH FLOWS
Year ended June 30, 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 240,317	\$ 104,714
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	7,622	7,250
Retirement of fixed asset	-	486
Decrease/ (increase) in operating assets:		
Accounts receivable	15,960	(41,218)
Prepaid expenses	2,425	(14,143)
Increase (decrease) in operating liabilities:		
Accounts payable	3,776	(2,850)
Credit cards	(1,987)	(11,349)
Accrued vacation	875	1,920
Net cash provided /(used) by operating activities	268,988	44,810
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	-	(9,255)
Net cash provided /(used) by investing activities	-	(9,255)
CASH FLOWS FROM FINANCING ACTIVITIES		
PPP Refundable Advance Loan	1,719	-
Net cash provided/ (used) by financing activities	1,719	-
Net increase /(decrease) in cash and cash equivalents	270,707	35,555
Cash and cash equivalents, beginning of year	307,284	271,729
Cash and cash equivalents, end of year	\$ 577,991	\$ 307,284

See accompanying notes and independent accountants' report

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES

ORGANIZATION

Founded in 1993, Family Connections is a 401(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. 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.

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.

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020, there was \$40,578 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).

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.

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Computer and office equipment	\$ 13,798
Furniture	<u>30,165</u>
Sub-total	43,963
Less accumulated depreciation	<u>(36,459)</u>
Total	\$ <u>7,504</u>

Depreciation expense totaled \$7,623 for the year ended June 30, 2020.

NOTE 4. 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, 2020:

Subject to expenditure for specified purposes:

Programs	\$ 6,000
Professional Development	4,578
Grant Receivable	<u>30,000</u>
	<u>\$ 40,578</u>

NOTE 5. 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	\$ 577,991
Less those unavailable for general expenditures within one year, due to:	
Donor restricted to Programs	6,000
Donor restricted to Professional Development	4,578
Donor restricted to future Grant Receivable	<u>30,000</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 537,413</u>

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS

June 30, 2020

As part of the Company's liquidity management, all cash is deposited into the main checking account for access when needed.

NOTE 6. FACILITY OBLIGATIONS

The Organization leases classroom and administrative space in Menlo Park, California from Open Mind School. The lease was initiated on August 15, 2018 for \$4,000 per month and was renewed in August 2020 until August 15, 2021. The future lease commitment at June 30, 2020 is as follows.

Gross Obligation	
6/30/2021	\$26,704
6/30/2022	2,064

The Organization also leased office space for its administration office in Redwood City. The lease was signed in 2016 and expires June 30, 2021. The future lease commitment on June 30, 2020 for Redwood City is as follows:

Gross Obligation	
6/30/2021	\$36,000

Rent expense for the Organization totaled \$50,096 for the year ended June 30, 2020.

NOTE 7. 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, 2020, the balances on deposit, per institution, were above the FDIC limit.

The Organization also has a line of credit available to them through Wells Fargo for \$35,000 and from First Republic Bank for \$100,000. As of June 30, 2020, there was \$0 drawn on either line of credit.

NOTE 8. PPP REFUNDABLE ADVANCE LOAN

On April 21, 2020, The Organization received a loan of \$141,000 from the Small Business Administration's Paycheck Protection Program (PPP). As of the date of this report, the Company has not received forgiveness on the loan, although the Organization is making the election to recognize \$139,281 as contribution income as the Organization believes that they "substantially met" the requirements in the covered period for forgiveness.

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 was not able to hold the event as planned. Upon cancellation of the event, the Organization spoke with donors regarding their sponsorships and donations and a decision was made to recognize donations as fundraising event income as done in prior years.

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 10. MEMORANDUM TOTALS

The total columns captioned “2019 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, 2019, from which the summarized information was derived.

NOTE 11. SUBSEQUENT EVENTS

The Organization’s management determined that there are no material events that occurred subsequent to statement of financial position of June 30, 2020 and through the date of this report, January 15, 2021, that would require disclosure or adjustment in the financial statements.