

Peninsula Family Connections

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, 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, 2021, 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, 2020 financial statements, and our report dated January 15, 2021, 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, 2020, 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 4, 2022

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF FINANCIAL POSITION
Year ended June 30, 2021

ASSETS	<u>2021</u>	<u>2020</u> Memorandum <u>Total</u>
Current assets		
Cash and cash equivalents	\$ 594,888	\$ 577,991
Accounts receivable	158,319	65,734
Grants receivable	53,692	68,431
Property and equipment, net of \$39,855 of accumulated depreciation	1,807	7,504
Security deposit and other assets	<u>17,222</u>	<u>19,667</u>
TOTAL ASSETS	<u><u>\$ 825,928</u></u>	<u><u>\$ 739,327</u></u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 7,950	\$ 8,380
Credit cards payable	1,309	2,133
PPP Refundable Advance Loan	-	1,719
Accrued vacation	<u>2,226</u>	<u>2,795</u>
TOTAL LIABILITIES	11,485	15,027
Net assets		
Without donor restrictions	729,443	683,722
With donor restrictions	<u>85,000</u>	<u>40,578</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 825,928</u></u>	<u><u>\$ 739,327</u></u>

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, 2021

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Memorandum Total
Revenues and support				
Contributions	\$ 503,953	\$ 91,676	\$ 595,629	\$ 662,555
Government grants and contract income	424,669	-	424,669	521,943
Fundraising events, net of \$7,500 costs	171,343	-	171,343	134,799
Interest and dividend income	2,053	-	2,053	1,859
Realized gain/(loss) on sale	432	-	432	(216)
Net assets released from restrictions	47,254	(47,254)	-	-
Total public support and revenue	1,149,704	44,422	1,194,126	1,320,940
Expenses				
Program services	776,240	-	776,240	626,816
Management and general	134,443	-	134,443	179,795
Fundraising	193,300	-	193,300	274,012
Total operating expenses	1,103,983	-	1,103,983	1,080,623
Change in net assets	45,721	44,422	90,143	240,317
Net assets, beginning of year	683,722	40,578	724,300	483,983
Net assets, end of year	\$ 729,443	\$ 85,000	\$ 814,443	\$ 724,300

See accompanying notes and independent accountants' report

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2021

	2021				2020
	Program Services	Management and General	Fundraising	Total	Memorandum Total
Salaries and wages	\$ 523,941	\$ 72,332	\$ 91,423	\$ 687,696	\$ 655,277
Fringe Benefits	30,514	9,873	6,881	47,268	97,516
Payroll taxes	40,682	5,629	7,110	53,421	50,083
TOTAL SALARIES AND RELATED EXPENSES	595,137	87,834	105,414	788,385	802,876
Accounting and legal	-	19,921	-	19,921	20,394
Advertising	-	1,855	13,219	15,074	2,908
Banking services and fees	-	28	2,364	2,392	2,462
Classroom materials	19,408	83	22	19,513	15,515
Contract and consulting services	16,103	8,288	53,305	77,696	40,566
Depreciation expense	3,421	486	638	4,545	7,622
Dues and subscriptions	6,482	2,860	4,663	14,005	12,598
Equipment rentals	2,579	95	120	2,794	5,364
Fundraising and development	7,116	-	4,545	11,661	15,534
Furniture and equipment	9,723	684	1,621	12,028	4,651
Insurance	5,882	5,037	1,039	11,958	11,044
Interest	-	7	-	7	-
Licenses and fees	1,603	320	-	1,923	3,065
Maintenance and repair	11,082	410	296	11,788	8,324
Meeting expenses	-	-	29	29	858
Occupancy	56,127	3,509	3,640	63,276	94,500
Office expenses	1,453	267	168	1,888	1,837
Payroll service	-	1,307	-	1,307	1,187
Postage and delivery	301	195	751	1,247	1,243
Printed materials	3,060	55	138	3,253	304
Recruiting	1,521	44	-	1,565	5,711
Student and family activities	24,468	-	-	24,468	12,675
Telephone and communications	8,730	1,014	1,146	10,890	6,966
Travel	1,084	144	182	1,410	1,324
Utilities	960	-	-	960	1,098
TOTAL EXPENSES	\$ 776,240	\$ 134,443	\$ 193,300	\$ 1,103,983	\$ 1,080,623

See accompanying notes and independent accountants' report

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF CASH FLOWS
Year ended June 30, 2021

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase/(decrease) in net assets	\$ 90,143	\$ 240,317
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation	4,545	7,622
Fixed asset retirement	(551)	-
Decrease/ (increase) in operating assets:		
Accounts receivable	(77,843)	15,960
Prepaid expenses	2,445	2,425
Increase/(decrease) in operating liabilities:		
Accounts payable	(430)	3,776
Credit cards	(824)	(1,987)
Accrued vacation	(569)	875
Net cash provided /(used) by operating activities	16,916	268,988
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of property and equipment	1,700	-
Net cash provided /(used) by investing activities	1,700	-
CASH FLOWS FROM FINANCING ACTIVITIES		
PPP Refundable Advance Loan	(1,719)	1,719
Net cash provided/ (used) by financing activities	(1,719)	1,719
Net increase /(decrease) in cash and cash equivalents	16,897	270,707
Cash and cash equivalents, beginning of year	577,991	307,284
Cash and cash equivalents, end of year	\$ 594,888	\$ 577,991

See accompanying notes and independent accountants' report

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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.

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, 2021

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, 2021, there was \$85,000 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).

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.

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

Computer and office equipment	\$ 11,498
Furniture	<u>30,165</u>
Sub-total	43,963
Less accumulated depreciation	<u>(39,855)</u>
Total	\$ <u>1,807</u>

Depreciation expense totaled \$4,545 for the year ended June 30, 2021.

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, 2021:

Subject to expenditure for specified purposes:

Programs	\$ 25,000
Multiyear grant	<u>60,000</u>
	\$ <u>85,000</u>

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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	\$ 594,888
Less those unavailable for general expenditures within one year, due to:	
Donor restricted to Programs	25,000
Donor restricted to Multiyear grant	<u>60,000</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 509,888</u>

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 space in Redwood City. The lease was signed in 2016 and expires June 30, 2022. The future lease commitment on June 30, 2021, for Redwood City is as follows:

Gross Obligation	
6/30/2022	\$36,000

Rent expense for the Organization totaled \$62,704 for the year ended June 30, 2021.

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, 2021, 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, 2021, there was \$0 drawn on the line of credit.

NOTE 8. PPP REFUNDABLE ADVANCE LOAN

In the prior year, on April 21, 2020, The Organization received a loan of \$141,000 from the Small Business Administration's Paycheck Protection Program (PPP) which was forgiven in full on April 30, 2021. In the year ended June 30, 2020, the Organization made the election to recognize \$139,281 as contribution income as the Organization believed they "substantially met" the requirements in the covered period for forgiveness. The final \$1,719 in PPP loan forgiveness was recognized in the current year on the statement of activities under government grants and contract income.

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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.

NOTE 10. MEMORANDUM TOTALS

The total columns captioned “2020 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, 2020, from which the summarized information was derived.

NOTE 11. SUBSEQUENT EVENTS

In August of 2021, the Organization entered into a new lease for office space in Palo Alto with rental payments beginning in January 2022. Lease obligations for the new lease will be included in future financial statements. Outside of the new lease, the Organization’s management determined that there are no material events that occurred subsequent to statement of financial position of June 30, 2021 and through the date of this report, January 4, 2022, that would require disclosure or adjustment in the financial statements.