

Peninsula Family Connections

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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, 2019, 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, 2019, 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, 2018 financial statements, and our report dated January 23, 2019, 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, 2018, 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
February 3, 2020

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF FINANCIAL POSITION
Year ended June 30, 2019

	2019	2018
ASSETS		Memorandum
		<u>Total</u>
Current assets		
Cash and cash equivalents	\$ 307,284	\$ 271,729
Accounts receivable	101,271	36,286
Grants receivable	48,854	72,620
Property and equipment, net of \$28,836 of accumulated depreciation	15,126	13,608
Security deposit and other assets	22,092	7,949
TOTAL ASSETS	\$ 494,627	\$ 402,192
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 4,604	\$ 7,454
Credit cards payable	4,120	15,469
Accrued vacation	1,920	-
TOTAL LIABILITIES	10,644	22,923
Net assets		
Without donor restrictions	412,599	352,748
With donor restrictions	71,384	26,521
TOTAL LIABILITIES AND NET ASSETS	\$ 494,627	\$ 402,192

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended June 30, 2019

	2019			2018
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>	Memorandum <u>Total</u>
Revenues and support				
Contributions	\$ 513,081	\$ 97,500	\$ 610,581	\$ 650,127
Government grants and contract income	337,060	-	337,060	326,412
Program tuition and fees	2,600	-	2,600	6,752
Rental income	-	-	-	25,359
Fundraising events, net of \$20,814 costs	171,936	-	171,936	201,254
Interest and dividend income	206	-	206	55
Realized loss on sale	(1,506)	-	(1,506)	(28)
Loss on disposal of assets	(286)	-	(286)	-
Other income	500	-	500	168
Net assets released from restrictions	52,637	(52,637)	-	-
Total public support and revenue	1,076,228	44,863	1,121,091	1,210,099
Expenses				
Program services	603,615	-	603,615	689,409
Management and general	165,047	-	165,047	191,237
Fundraising	247,715	-	247,715	237,203
Total operating expenses	1,016,377	-	1,016,377	1,117,849
Non Operating Revenues				
Prior period adjustment	-	-	-	20,678
Change in net assets	59,851	44,863	104,714	112,928
Net assets, beginning of year	352,748	26,521	379,269	266,341
Net assets, end of year	\$ 412,599	\$ 71,384	\$ 483,983	\$ 379,269

See accompanying notes and independent accountants' report

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2019

	2019				2018
	Program Services	Management and General	Fundraising	Total	Memorandum Total
Salaries and wages	\$ 376,395	97,472	120,008	\$ 593,875	\$ 666,131
Fringe Benefits	57,147	13,317	23,010	93,474	85,519
Payroll taxes	29,061	7,505	9,347	45,913	52,304
TOTAL SALARIES AND RELATED EXPENSES	462,603	118,294	152,365	733,262	803,954
Accounting and legal	-	21,348	-	21,348	12,830
Advertising	2,326	512	14,564	17,402	34,429
Banking services and fees	-	400	2,991	3,391	4,846
Classroom materials	12,756	-	-	12,756	15,480
Contract and consulting services	24,689	1,635	33,759	60,083	1,853
Depreciation expense	4,233	1,192	1,825	7,250	56,996
Dues and subscriptions	4,904	3,588	81	8,573	3,450
Equipment rentals	3,944	417	341	4,702	3,619
Fundraising and development	-	-	21,307	21,307	7,361
Furniture and equipment	12,394	1,308	854	14,556	3,938
Insurance	4,179	2,078	1,406	7,663	5,822
Interest	-	-	-	-	1,349
Licenses and fees	642	247	3,708	4,597	6,623
Maintenance and repair	12,676	762	681	14,119	25,048
Meeting expenses	269	203	188	660	79,303
Occupancy	31,575	8,359	10,162	50,096	7,514
Office expenses	2,888	1,320	849	5,057	5,159
Payroll service	-	1,733	-	1,733	2,375
Postage and delivery	472	329	1,377	2,178	6,015
Printed materials	2,024	505	227	2,756	731
Student and family activities	16,409	-	-	16,409	10,612
Telephone and communications	3,049	538	664	4,251	3,223
Travel	559	204	293	1,056	2,149
Utilities	1,024	75	73	1,172	13,170
TOTAL EXPENSES	\$ 603,615	165,047	247,715	\$ 1,016,377	\$ 1,117,849

See accompanying notes and independent accountants' report

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF CASH FLOWS
Year ended June 30, 2019

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 104,714	\$ 112,928
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	7,250	3,450
Retirement of fixed asset	486	-
Decrease/ (increase) in operating assets:		
Decrease/(increase) in accounts receivable	(41,218)	(108,425)
Decrease/(increase) in prepaid expenses	(14,143)	(2,582)
Increase (decrease) in operating liabilities:		
Accounts payable	(2,850)	7,454
Credit cards	(11,349)	15,469
Accrued vacation	1,920	-
Net cash provided /(used) by operating activities	<u>44,810</u>	<u>28,294</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(9,255)</u>	<u>(5,390)</u>
Net cash provided /(used) by investing activities	<u>(9,255)</u>	<u>(5,390)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash provided/ (used) by financing activities	<u>-</u>	<u>-</u>
Net increase /(decrease) in cash and cash equivalents	35,555	22,904
Cash and cash equivalents, beginning of year	<u>271,729</u>	<u>248,825</u>
Cash and cash equivalents, end of year	<u>\$ 307,284</u>	<u>\$ 271,729</u>

See accompanying notes and independent accountants' report

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES

ORGANIZATION

Peninsula Family Connections (the “Organization”), formed in 1993, is a California nonprofit public benefit corporation, with operations at several sites in San Mateo County, California. The Organization’s mission is to provide underserved children, their families and their communities with early childhood education and ongoing support they need to grow, dream and achieve. Our vision is that whole communities thrive when children and parents – regardless of their circumstances – are educated and supported to reach their greatest potential. Our Young Scholars program guides Family Connections alumni students from kindergarten through fifth grade, providing families with the support they need to ensure students meet the social, emotional and academic benchmarks during their school career.

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.

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, 2019, there was \$71,384 in assets with donor restrictions.

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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, 2019

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Computer and office equipment	\$13,798
Furniture	<u>30,164</u>
Sub-total	43,962
Less accumulated depreciation	<u>(28,836)</u>
Total	<u>\$ 15,126</u>

Depreciation expense totaled \$7,250 for the year ended June 30, 2019.

NOTE 4. RESTRICTIONS ON NET ASSETS

All revenues are considered to be available for 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, 2019:

Subject to expenditure for specified purposes:

Heath Screenings	\$ 10,000
Data Collection	1,384
Grant Receivable	<u>60,000</u>
	<u>\$ 71,384</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	\$ 307,284
Less those unavailable for general expenditures within one year, due to:	
Donor restricted to Health Screenings	10,000
Donor restricted to Data Collection	1,384
Donor restricted to future Grant Receivable	<u>60,000</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 235,900</u>

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

PENINSULA FAMILY CONNECTIONS
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 6. FACILITY OBLIGATIONS

The Organization leases classroom and administrative space in Menlo Park, California from Open Mind School. The lease was initiated in August 15, 2018 for \$4,000 per month and was renewed in August 2019 until August 15, 2020. The future lease commitment at June 30, 2019 is as follows.

Gross Obligation		
6/30/2020	\$	59,000
6/30/2021		10,000

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 at June 30, 2019 for Redwood City is as follows:

Gross Obligation		
6/30/2020	\$	36,000
6/30/2021		36,000

Rent expense for the Organization totaled \$50,096 for the year ended June 30, 2019.

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, 2019, 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, 2019, there was \$0 drawn on either line of credit.

NOTE 8. MEMORANDUM TOTALS

The total columns captioned “2018 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, 2018, from which the summarized information was derived.

NOTE 9. SUBSEQUENT EVENTS

The Organization’s management determined that there are no material events that occurred subsequent to statement of financial position of June 30, 2019 and through the date of this report, February 3, 2020, that would require disclosure or adjustment in the financial statements.