THE PRIORITY CENTER

ENDING THE GENERATIONAL CYCLE OF TRAUMA, INC.

Financial Statements

June 30, 2023

(With Independent Auditors' Report Thereon)

GRUBER and LOPEZ, INC.
CERTIFIED PUBLIC ACCOUNTANTS

THE PRIORITY CENTER

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Financial Statements

June 30, 2023

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GRUBER and LOPEZ, INC.
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
The Priority Center,
Ending the Generational Cycle of Trauma, Inc.

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the accompanying financial statements of The Priority Center, Ending the Generational Cycle of Trauma, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then 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 The Priority Center, Ending the Generational Cycle of Trauma, Inc. 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 The Priority Center, Ending the Generational Cycle of Trauma, Inc. 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 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 The Priority Center, Ending the Generational Cycle of Trauma, Inc. ability to continue as a 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.

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To the Board of Directors of
The Priority Center,
Ending the Generational Cycle of Trauma, Inc.

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 The Priority Center, Ending the Generational Cycle of Trauma, Inc. 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 The Priority Center, Ending the Generational Cycle of Trauma, Inc. 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.

Report on Summarized Comparative Information

We have previously audited The Priority Center, Ending the Generational Cycle of Trauma, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gruber and Lopez, Inc.
Gruber and Lopez, Inc.

Newport Beach, CA
April 4, 2024

THE PRIORITY CENTER
ENDING THE GENERATIONAL CYCLE OF TRAUMA, INC.
Statement of Financial Position
June 30, 2023
(With summarized comparative totals as of June 30, 2022)

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 807,135	1,021,106
Receivabels from government agencies	1,124,784	909,206
Prepaid expenses	96,888	59,514
Total current assets	2,028,807	1,989,826
Non-current assets:		
Equipment and furniture	404,468	389,884
Right-to-use lease assets (Note 3)	2,162,638	-
Less accumulated depreciation	(881,494)	(356,864)
Net equipment and furniture	1,685,612	33,020
Other assets:		
Deposits	54,443	54,443
Total assets	$ 3,768,862	2,077,289
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 230,503	149,191
Accrued liabilities	472,897	534,593
Unearned revenues	5,000	7,029
Lease payable - current (Note 3)	435,520	-
SBA loan (Note 2)	-	10,000
Total current liabilities	1,143,920	700,813
Long-term liabilities:		
Lease payable (Note 3)	1,327,249	-
Total liabilities	2,471,169	700,813
Net assets (Note 6):		
With donor restrictions	-	-
Without donor restrictions - undesignated	1,297,693	1,376,476
Total net assets	1,297,693	1,376,476
Total liabilities and net assets	$ 3,768,862	2,077,289

See accompanying notes to financial statements

THE PRIORITY CENTER
ENDING THE GENERATIONAL CYCLE OF TRAUMA, INC.
Statement of Activities
Year Ended June 30, 2023
(With summarized comparative totals for the year ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Totals 2023	Totals 2022
Operating activities:				
Support and revenue:				
Contributions	$ 669,100	-	669,100	520,796
Contributions- forgiveness of debt (Note 2)	10,000	-	10,000	-
Special events (Note 5):				
Revenues	630,762	-	630,762	515,633
Direct expenses	(196,965)	-	(196,965)	(169,623)
Total net special events	433,797	-	433,797	346,010
Other support:				
Government contracts	7,747,214	-	7,747,214	7,648,526
Donated goods	463,389	-	463,389	285,228
Donated services	170,650	-	170,650	180,529
Other income	28,854	-	28,854	42,963
Subtotal	8,410,107	-	8,410,107	8,157,246
Net assets released from restrictions (Note 6)	-	-	-	-
Total support and revenue	9,523,004	-	9,523,004	9,024,052
Expenses:				
Program services:				
In-home	1,639,705	-	1,639,705	1,587,626
Mental health	4,541,016	-	4,541,016	3,410,409
Child abuse service team (CAST)	358,740	-	358,740	384,700
Outreach and education	954,775	-	954,775	1,917,577
Basic needs	867,566	-	867,566	796,551
Support services:				
Fundraising	806,666	-	806,666	514,765
General and administrative	433,319	-	433,319	496,241
Total expenses	9,601,787	-	9,601,787	9,107,869
Change in net assets	(78,783)	-	(78,783)	(83,817)
Net assets beginning of year	1,376,476	-	1,376,476	1,460,293
Net assets at end of year	$ 1,297,693	-	1,297,693	1,376,476

See accompanying notes to financial statements.

THE PRIORITY CENTER
ENDING THE GENERATIONAL CYCLE OF TRAUMA, INC.
Statement of Functional Expenses
Year Ended June 30, 2023
(With summarized comparative totals for the year ended June 30, 2022)

	Program Services						Support Services			Totals	
	In-home	Mental health	CAST	Outreach and education	Basic needs	Total program services	Fundraising	General and administrative	Total support services	2023	2022
Salaries, benefits, and payroll taxes	$ 1,204,379	3,473,134	144,982	660,844	228,181	5,711,520	492,364	1,067,454	1,559,818	7,271,338	6,916,348
Legal	-	-	-	-	-	-	-	2,500	2,500	2,500	-
Donated goods	-	-	33,445	-	204,337	237,782	225,607	-	225,607	463,389	285,228
Donated services	-	-	167,863	-	2,787	170,650	-	-	-	170,650	180,529
Audit	8,304	16,585	615	4,716	1,532	31,752	1,841	4,908	6,749	38,501	29,925
Dues and subscriptions	158	4,045	1,100	1,159	-	6,462	828	3,167	3,995	10,457	13,528
Insurance	10,689	21,514	770	6,071	1,972	41,016	2,369	5,368	7,737	48,753	39,137
Auto and mileage	2,945	68,535	420	1,871	123	73,894	1,061	426	1,487	75,381	48,335
Basic needs leases/goods	-	-	-	-	379,061	379,061	-	-	-	379,061	384,713
Office expense	9,007	24,864	539	5,014	3,521	42,945	3,198	10,980	14,178	57,123	73,284
Program and contract services expenses	45,455	13,764	3,076	15,234	1,796	79,325	4,428	31,570	35,998	115,323	185,769
Rent (Note 3)	127,018	255,650	-	72,146	-	454,814	28,156	25,638	53,794	508,608	501,390
Interest expense	-	-	-	-	-	-	-	-	-	-	6,003
Equipment, leases, and maintenance (Note 3)	29,926	103,612	79	33,032	4,588	171,237	11,675	20,832	32,507	203,744	184,409
Telephone	23,358	57,941	5	15,276	2,799	99,379	6,372	10,203	16,575	115,954	126,248
Travel and education	35,014	9,650	-	16,700	150	61,514	1,138	1,294	2,432	63,946	59,426
Depreciation	-	-	-	-	-	-	-	20,245	20,245	20,245	25,092
Fundraising	-	-	-	-	-	-	21,870	319	22,189	22,189	9,050
Newsletter	784	1,187	-	720	279	2,970	4,453	11,029	15,482	18,452	28,960
Postage	678	1,365	-	385	100	2,528	378	355	733	3,261	2,305
Miscellaneous	-	-	-	-	-	-	928	11,984	12,912	12,912	8,190
Total expenses by function	1,497,715	4,051,846	352,894	833,168	831,226	7,566,849	806,666	1,228,272	2,034,938	9,601,787	9,107,869
Indirect costs	141,990	489,170	5,846	121,607	36,340	794,953	-	(794,953)	(794,953)	-	-
Total expenses included in the expenses section on the statement of activities	$ 1,639,705	4,541,016	358,740	954,775	867,566	8,361,802	806,666	433,319	1,239,985	9,601,787	9,107,869

See accompanying notes to financial statements.

THE PRIORITY CENTER
ENDING THE GENERATIONAL CYCLE OF TRAUMA, INC.
Statement of Cash Flows
Year Ended June 30, 2023
(With summarized comparative totals for the year ended June 30, 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ (78,783)	(83,817)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	20,245	25,092
Amortization of right-to-use lease assets	505,862	-
Forgiveness of debt	(10,000)	-
Decrease (increase) in receivables from government agencies	(215,578)	45,086
Decrease (increase) in prepaid expenses	(37,374)	27,979
Decrease (increase) in deposits	-	(543)
(Decrease) increase in accounts payable	79,835	43,981
(Decrease) increase in accrued liabilities	(61,696)	(46,891)
(Decrease) increase in deferred revenue	(2,029)	(25,898)
(Decrease) increase in grantor reimbursements	-	(45,877)
Net cash provided by (used for) operating activities	200,482	(60,888)
Cash flows from investing activities:		
Purchase of equipment and furniture	(14,584)	(14,788)
Net cash used for investing activities	(14,584)	(14,788)
Cash flows from financing activities:		
Payment on SBA loan	-	(356,180)
Principal payments on leases	(399,869)	-
Net cash used for financing activities	(399,869)	(356,180)
Decrease in cash and cash equivalents	(213,971)	(431,856)
Cash and cash equivalents at beginning of year	1,021,106	1,452,962
Cash and cash equivalents at end of year	$ 807,135	1,021,106
Supplemental disclosure:		
Cash paid for interest	$ -	6,003

Supplemental disclosures of noncash investing and capital related financing activities:

For the year ended June 30, 2023, there were no material non-cash investing or financing activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of The Priority Center, Ending the Generational Cycle of Trauma, Inc. (the "Organization") are presented to assist in the understanding of Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations

The Organization is a California nonprofit corporation incorporated in 1983. The Organization is committed to preventing and breaking the generational cycle of child abuse, domestic violence, and teen pregnancy in Orange County, California. The Organization is primarily funded by grants from government agencies, contributions, and fundraising from special events.

The Organization is currently licensed to do business as the following:

- The Priority Center, Ending the Generational Cycle of Trauma, Inc.
- Orange County Child Abuse Prevention Center
- Exchange Club Child Prevention Center of Orange County
- The Prevention Center
- Welcome Baby

Financial Statement Presentation

In accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Update (ASU) 2016-14 Not for Profit Entities [Topic 958]- Presentation of Financial Statements of Not-For Profit Entities*, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include petty cash funds, bank checking and money market accounts used for operating purposes, and investments with maturities of three months or less from the original purchase dates.

Concentration of Credit Risk

The Organization maintains cash deposits with various financial institutions to limit its credit risk exposure to any one financial institution. The balance is insured by the Federal Deposit Insurance Corporation up to $250,000. Cash deposits may exceed federally insured limits at times during the year. At June 30, 2023 banks accounts exceeded insurance limits by $328,315. The Organization has not experienced any losses in such account and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Property and Equipment

Equipment and furniture are recorded at cost at the date of purchase (with the exception of right-to-use lease assets which is described hereafter) or estimated fair value at the date of donation. Equipment and furniture are depreciated over their estimated useful life (ranging from three to seven years) using the straight-line method. Major renewals and betterments over $1,000 are capitalized. Depreciation expense related to equipment and furniture amounts to $20,245 for the year ended June 30, 2023.

Receivable from Government Agencies

Receivables from government agencies represent the only concentrated group of credit risk for the Organization. Management does not believe that there are any significant credit risks associated with these government agencies; therefore, no allowance for doubtful accounts has been recorded. Management continually monitors these receivables to address any credit risks that may arise.

Donated Services and Goods

Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization's contracts with the County of Orange's (the County) Social Service Agency require that volunteer services (which include counseling to men, women, and children of all races and ethnic backgrounds) must be utilized and reported to the County. The County has a computed hourly rate of $15.00-$16.50 based on duties for these volunteers, and accordingly, the Organization records the value of these services as both a revenue and corresponding expense. Approximately 576 hours of other volunteer services that do not meet these criteria are not recognized in the financial statements. In total, the Organization had approximately 10,933 volunteer hours during the year ended June 30, 2023. For the year ended June 30, 2023, total donated services were $170,650 and total donated goods were $463,389 which were both recorded at their estimated fair market value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets

The Organization evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write-down would be recorded to reduce the related asset to its estimated fair value. As of June 30, 2023, the Organization did not identify any material impairment of its long-lived assets.

Revenue Recognition

A majority of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as unearned revenues in the statement of financial position. The Organization received cost-reimbursement grants of $7,747,214 that have been recognized for the year ended June 30, 2023, because qualifying expenditures have been incurred. There are no advanced payments where qualifying expenditures have not incurred at June 30, 2023.

Contributions are recognized when cash or other assets are received. Conditional promises to give – that it, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. There are no conditional promises to give at June 30, 2023.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event (the exchange component) and a portion represents a contribution. Unless a verifiable objective mean exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the organization, are recorded as costs of direct donor benefits in the statement of activities. The performance obligation is delivery of the event. The ticket fee is set by the organization. FASB ASC 606, *Revenue from Contracts with Customers*, requires allocation of the transaction price to the performance obligation. Accordingly, the Organization separately presents in its notes to the financial

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

statements the exchange and contribution components of the gross proceeds from special events. For special event fees received before year-end, for an event to occur after year-end, the Organization follows American Institute of Certified Public Accountants guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as unearned revenue along with the exchange component.

Income Tax Status

The Organization is a tax-exempt organization under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d) and files all federal and state information returns required by law. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending in years 2022, 2021, and 2020 are subject to examination by the IRS, generally for three years after they were filed.

Use of Estimates

The preparation of financial statements requires the Organization to make estimates and assumptions that affect the reported amounts of assets and disclosures of contingent assets and liabilities, and the reported revenue and expenses. Actual results may differ from those estimates.

Functional Expense Allocation

The costs of providing the various programs and support services have been summarized on a functional basis in the statement of functional expenses. Certain categories of expenses that are attributable to more than one program or support function require allocation on a reasonable basis that is consistently applied. Allocation of expenses is performed based on a weighting of full-time equivalent hours worked by employees (i.e. time and effort) for a program or support function.

Included as general and administrative expenses are salaries of the Organization's executive team and other administrative personnel that spend significant time working directly on the Organization's programs.

Prior-Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements as of and for the year ended June 30, 2022, from which the summarized information was derived.

Reclassifications

For comparability purposes, certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 classifications. These reclassifications have no effect on reported change in net assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing program services and interest and deposits. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Lease Payable

The Organization is a lessee for noncancellable leases of office space and a warehouse which were classified as an operating leases. The Organization recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The Organization recognizes lease liabilities with an initial, individual value of $10,000 or more. At the adoption date of the lease and in accordance with the modified retrospective approach under ASU 2018-11, the Organization initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease adoption date, plus certain initial direct costs. Subsequently, lease expense is calculated as the sum of the lease payments plus initial direct costs and is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Organization determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Organization uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Organization generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments. The Organization monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other non-current assets, and lease liabilities are reported with long-term debt (both current and long-term portion) on the statement of financial position.

NOTE 2 - SMALL BUSINESS ADMINISTRATION (SBA) LOANS

In 2020, the Organization also received an Economic Injury Disaster Loan (EIDL) grant from the SBA in the amount of $10,000. The term of the loan is 10 years with payments deferred for the first two years at an interest rate of 2.75%. In the current fiscal year, the loan was determined to be a grant and forgiven in its entirety and the outstanding balance as of June 30, 2023 was $0.

NOTE 3 - LEASE PAYABLE

The Organization leases office space and a warehouse, terminating in October 2025 and March 2027, respectively. The initial lease liability for the office space and warehouse were recorded in the amount of $2,162,638 during the current fiscal year. As of June 30, 2023, the value of the lease liability was $1,762,769. Lease payments range from approximately $3,400 to $38,500 per month and have an estimated interest rate of 5%. Combined lease expense was $508,608 under these leases during the year ended June 30, 2023. The initial value of the right-to-use assets were $2,162,638 and has an estimated useful life ranging from 4 to 5 years. As of June 30, 2023, the value of the assets were $1,656,776, net of amortization of $505,862 during the year.

The following future principal and interest on the leases payable for June 30 are as follows:

	Principal	Interest	Total
2024	$ 435,520	88,138	523,658
2025	473,430	66,363	539,793
2026	513,745	42,691	556,436
2027	340,074	17,004	357,077
Total	$1,762,769	214,196	1,976,964

NOTE 4 - RETIREMENT PLAN

The Organization contributes to a 403(b) plan in which the contribution is allocated to all full-time employees who are eligible to participate, subject to certain lengths of service and age requirements. Organization contributions to the plan are made at the discretion of the board of directors at the end of the fiscal year. Organization contributions vest over four years. For the year ended June 30, 2023, the Organization authorized and accrued a nonelective contribution of $99,182 to the plan.

NOTE 5 - SPECIAL EVENTS

Revenues and direct expenses related to special events associated with the Organization’s fundraising activities for the year ended June 30, 2023, are as follows:

	Campaigns	Gala	Golf	Total
Revenues	$ 51,644	450,903	128,215	630,762
Direct expenses	(16,149)	(132,950)	(47,866)	(196,965)
Total	$ 35,495	317,953	80,350	433,797

NOTE 6 - NET ASSETS RELEASED FROM RESTRICTIONS

There were no net assets released from donor restrictions during the fiscal year 2023.

There were no net assets with donor restrictions as of June 30, 2023. Total net assets without donor restrictions as of June 30, 2023 was $1,297,693 and was classified as undesignated.

NOTE 7 - BASIC NEEDS PROGRAM

In 2005, the Organization began a program called Basic Needs (BN), which is funded by the County of Orange. The BN program requires that basic household items, such as beds, refrigerators, car seats, etc., be purchased, housed, and delivered to at-risk families. There is also a requirement that the Organization must collect, warehouse, and distribute donated goods. Of the approximately $305,880 in purchased items and $208,615 in donated items during the year ended June 30, 2023, approximately $40,896 and $12,114, respectively, have not yet been distributed to program beneficiaries as of June 30, 2023. Based on the terms of the Organization’s agreement with the County, items purchased for this program are the property of the County until they are delivered. Since the Organization does not have any ownership of these items and must distribute them to program beneficiaries, no inventory has been reflected on the accompanying statement of financial position.

NOTE 8 - CONTINGENCIES

The Organization receives a substantial portion of its revenues from government grants and contracts, all of which are subject to audit by the government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

The Organization is subject to legal proceedings, claims, and assessments which arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions, should they occur, will not materially affect the Organization’s financial statements.

NOTE 9 - AVAILIBILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2023:

Financial assets at year end:	
Cash and cash equivalents	$ 807,135
Receivables from government agencies	1,124,784
Total financial assets	1,931,919
Less amounts not available to be used within 1 year:	
Net assets with donor restrictions	-
Less net assets with purpose restrictions to be met within one year	-
Subtotal	-
Financial assets available to meet general expenses over the next 12 months:	$1,931,919

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately $2.4M). As part of its liquidity plan, the Organization only invests in deposits. The majority of receivables from government agencies are typically collected within 60 days of year end.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 4, 2024, the date the financial statements were available to be issued.