



**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW,
LOS ALTOS, AND LOS ALTOS HILLS**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Community Services Agency of Mountain View,
Los Altos, and Los Altos Hills
Mountain View, California

Opinion

We have audited the financial statements of Community Services Agency of Mountain View, Los Altos, and Los Altos Hills (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Community Services Agency of Mountain View, Los Altos, and Los Altos Hills as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Community Services Agency of Mountain View, Los Altos, and Los Altos Hills and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, as of July 1, 2022, Community Services Agency of Mountain View, Los Altos, and Los Altos Hills adopted new accounting guidance Accounting Standards Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

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 Community Services Agency of Mountain View, Los Altos, and Los Altos Hills' ability to continue as a going concern for 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 GAAS 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.

In performing an audit in accordance with GAAS, 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 Community Services Agency of Mountain View, Los Altos, and Los Altos Hills' 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 Community Services Agency of Mountain View, Los Altos, and Los Altos Hills' 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.

Abbott, Stringham & Lynch

October 30, 2023

**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW,
LOS ALTOS, AND LOS ALTOS HILLS**

STATEMENTS OF FINANCIAL POSITION

Assets

	June 30,	
	2023	2022
Current assets:		
Cash and cash equivalents	\$ 4,482,032	\$ 4,065,249
Grants and contributions receivable	855,712	972,265
Inventory	105,536	102,141
Investments	300,386	186,872
Prepaid expenses	50,654	44,848
Total current assets	5,794,320	5,371,375
Long term investments	6,131,483	5,857,050
Property and equipment, net of accumulated depreciation and amortization	342,866	216,601
Deposits	51,495	39,843
Operating lease right-of-use asset	63,274	-
	\$ 12,383,438	\$ 11,484,869

Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$ 26,896	\$ 113,067
Accrued expenses	303,287	211,242
Contract liabilities	452,136	836,100
Operating lease liability	28,852	-
Total current liabilities	811,171	1,160,409
Operating lease liability, less current portion	34,422	-
Net assets:		
Without donor restrictions:		
Undesignated	4,760,781	2,861,057
Board designated reserves	4,316,621	5,162,592
Total net assets without donor restrictions	9,077,402	8,023,649
With donor restrictions	2,460,443	2,300,811
Total net assets	11,537,845	10,324,460
	\$ 12,383,438	\$ 11,484,869

**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW,
LOS ALTOS, AND LOS ALTOS HILLS**

STATEMENTS OF ACTIVITIES

	Year Ended June 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support:						
Contributions and bequests	\$ 1,713,439	\$ 1,850,366	\$ 3,563,805	\$ 2,907,016	\$ 647,750	\$ 3,554,766
Government grants	3,369,703	-	3,369,703	2,733,677	-	2,733,677
Contributions from United Way	76,000	-	76,000	114,000	-	114,000
Special events	110,282	-	110,282	30,684	-	30,684
In-kind contributions	1,416,292	-	1,416,292	1,773,318	-	1,773,318
Total support	6,685,716	1,850,366	8,536,082	7,558,695	647,750	8,206,445
Revenues:						
Net investment income (loss)	399,010	-	399,010	(989,023)	-	(989,023)
Miscellaneous income	36,636	-	36,636	1,033	-	1,033
Total revenues	435,646	-	435,646	(987,990)	-	(987,990)
Net assets released from donor restrictions	1,690,734	(1,690,734)	-	571,410	(571,410)	-
Total support and revenues	8,812,096	159,632	8,971,728	7,142,115	76,340	7,218,455
Expenses:						
Program services:						
Emergency Assistance	3,285,595	-	3,285,595	4,177,032	-	4,177,032
Senior Nutrition	625,145	-	625,145	665,363	-	665,363
Senior Case Management	725,992	-	725,992	772,583	-	772,583
Alpha Omega	519,320	-	519,320	599,735	-	599,735
Guaranteed Basic Income	1,229,251	-	1,229,251	21,496	-	21,496
Total program services	6,385,303	-	6,385,303	6,236,209	-	6,236,209
Supporting services:						
Management and general	873,293	-	873,293	909,055	-	909,055
Fundraising	499,747	-	499,747	377,334	-	377,334
Total supporting services	1,373,040	-	1,373,040	1,286,389	-	1,286,389
Total functional expenses	7,758,343	-	7,758,343	7,522,598	-	7,522,598
Change in net assets	1,053,753	159,632	1,213,385	(380,483)	76,340	(304,143)
Net assets, beginning of year	8,023,649	2,300,811	10,324,460	8,404,132	2,224,471	10,628,603
Net assets, end of year	\$ 9,077,402	\$ 2,460,443	\$ 11,537,845	\$ 8,023,649	\$ 2,300,811	\$ 10,324,460

See accompanying independent auditor's report and notes to financial statements.

**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW,
LOS ALTOS, AND LOS ALTOS HILLS**

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Program Services					Supporting Services				Total
	Emergency Assistance	Senior Nutrition	Senior Case Management	Alpha Omega	Guaranteed Basic Income	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and wages	\$ 770,485	\$ 181,271	\$ 467,574	\$ 141,716	\$ 137,577	\$ 1,698,623	\$ 455,351	\$ 271,589	\$ 726,940	\$ 2,425,563
Employee benefits	105,572	41,126	84,328	10,052	19,230	260,308	120,967	23,607	144,574	404,882
Payroll taxes	58,834	13,621	35,681	10,594	10,346	129,076	45,368	20,556	65,924	195,000
Total salaries and related expenses	934,891	236,018	587,583	162,362	167,153	2,088,007	621,686	315,752	937,438	3,025,445
Program assistance	2,096,098	311,343	36,502	279,679	996,150	3,719,772	-	-	-	3,719,772
Professional fees	40,126	14,204	20,407	22,628	44,024	141,389	79,301	83,456	162,757	304,146
Office operations and support	47,931	22,460	8,755	33,951	2,265	115,362	9,257	15,268	24,525	139,887
Occupancy	41,067	14,740	22,532	7,203	6,915	92,457	17,792	9,890	27,682	120,139
Insurance	35,125	13,730	11,120	3,364	2,932	66,271	23,429	5,339	28,768	95,039
Temporary services	-	-	-	-	-	-	59,052	22,921	81,973	81,973
Repair and maintenance	26,402	6,489	14,653	4,616	4,675	56,835	12,122	6,287	18,409	75,244
Depreciation	18,908	4,795	10,825	3,408	3,441	41,377	8,514	4,644	13,158	54,535
Training and conferences	3,081	-	-	-	145	3,226	10,748	15,234	25,982	29,208
Staff and volunteer recognition	3,558	32	206	114	-	3,910	13,365	5,292	18,657	22,567
Equipment rental	11,234	1,304	2,936	917	897	17,288	2,310	1,260	3,570	20,858
Auto and travel	7,245	-	7,043	139	5	14,432	351	18	369	14,801
Taxes and licenses	5,155	-	3,280	937	469	9,841	4,114	5	4,119	13,960
Marketing and advertising	2,658	-	123	-	12	2,793	5,381	4,877	10,258	13,051
Rent	12,000	-	-	-	-	12,000	-	-	-	12,000
Bank fees	-	-	-	-	-	-	974	7,840	8,814	8,814
Dues and subscriptions	116	30	27	2	168	343	4,897	1,664	6,561	6,904
Total functional expenses	\$ 3,285,595	\$ 625,145	\$ 725,992	\$ 519,320	\$ 1,229,251	\$ 6,385,303	\$ 873,293	\$ 499,747	\$ 1,373,040	\$ 7,758,343
						82%	11%	6%	18%	

See accompanying independent auditor's report and notes to financial statements.

**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW,
LOS ALTOS, AND LOS ALTOS HILLS**

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	Program Services					Supporting Services				Total
	Emergency Assistance	Senior Nutrition	Senior Case Management	Alpha Omega	Guaranteed Basic Income	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and wages	\$ 677,593	\$ 192,774	\$ 470,571	\$ 212,616	\$ 15,961	\$ 1,569,515	\$ 510,942	\$ 217,355	\$ 728,297	\$ 2,297,812
Employee benefits	70,020	48,699	91,290	33,717	-	243,726	114,686	19,140	133,826	377,552
Payroll taxes	51,265	14,439	35,137	16,352	1,183	118,376	47,269	16,924	64,193	182,569
Total salaries and related expenses	798,878	255,912	596,998	262,685	17,144	1,931,617	672,897	253,419	926,316	2,857,933
Program assistance	2,927,747	312,787	72,852	173,493	-	3,486,879	-	-	-	3,486,879
Professional fees	31,791	6,268	14,660	64,975	2,079	119,773	70,035	47,054	117,089	236,862
Office operations and support	246,444	36,135	8,697	57,651	185	349,112	8,409	18,271	26,680	375,792
Occupancy	40,855	14,830	21,119	11,655	444	88,903	17,472	9,349	26,821	115,724
Insurance	25,747	19,235	10,097	5,303	249	60,631	26,788	5,926	32,714	93,345
Temporary services	-	-	-	-	-	-	62,153	-	62,153	62,153
Repair and maintenance	34,713	9,322	16,747	9,113	510	70,405	13,508	7,217	20,725	91,130
Depreciation	28,027	8,548	15,369	8,193	364	60,501	13,495	6,620	20,115	80,616
Training and conferences	5,465	244	1,129	1,966	-	8,804	1,942	4,286	6,228	15,032
Staff and volunteer recognition	654	123	299	222	-	1,298	9,447	6,093	15,540	16,838
Equipment rental	11,512	1,837	3,312	1,755	46	18,462	2,637	1,424	4,061	22,523
Auto and travel	5,016	122	7,756	720	7	13,621	301	-	301	13,922
Taxes and licenses	5,150	-	3,276	1,404	468	10,298	2,435	-	2,435	12,733
Marketing and advertising	2,777	-	238	224	-	3,239	3,453	2,149	5,602	8,841
Rent	12,000	-	-	-	-	12,000	-	-	-	12,000
Bank fees	-	-	-	-	-	-	673	12,889	13,562	13,562
Dues and subscriptions	223	-	34	-	-	257	3,410	2,637	6,047	6,304
Miscellaneous	33	-	-	376	-	409	-	-	-	409
Total functional expenses	\$ 4,177,032	\$ 665,363	\$ 772,583	\$ 599,735	\$ 21,496	\$ 6,236,209	\$ 909,055	\$ 377,334	\$ 1,286,389	\$ 7,522,598
						83%	12%	5%	17%	

See accompanying independent auditor's report and notes to financial statements.

**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW,
LOS ALTOS, AND LOS ALTOS HILLS**

STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 1,213,385	\$ (304,143)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	54,535	80,616
Non-cash operating lease expense	25,747	-
Net unrealized and realized (gain) loss on investments	(234,915)	1,124,057
Changes in assets and liabilities:		
Grants and contributions receivable	116,553	(382,685)
Inventory	(3,395)	63,089
Prepaid expenses	(5,806)	(6,848)
Deposits	(11,652)	(8,296)
Accounts payable	(86,171)	58,641
Accrued expenses	92,045	5,668
Contract liabilities	(383,964)	81,961
Operating lease liability	(25,747)	-
Net cash provided by operating activities	750,615	712,060
Cash flows from investing activities:		
Purchases of property and equipment	(180,800)	-
Reinvestment of interest and dividends, net of fees	(164,095)	(133,538)
Proceeds from sales of investments	460,931	613,980
Purchases of investments	(449,868)	(614,011)
Net cash used in investing activities	(333,832)	(133,569)
Net increase in cash and cash equivalents	416,783	578,491
Cash and cash equivalents, beginning of year	4,065,249	3,486,758
Cash and cash equivalents, end of year	\$ 4,482,032	\$ 4,065,249
Non-cash financing activities:		
Non-cash lease liability addition arising from operating lease right-of-use asset	\$ 41,975	\$ -

COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW, LOS ALTOS, AND LOS ALTOS HILLS

Notes to Financial Statements

June 30, 2023 and 2022

Note 1 - Nature of operations

Community Services Agency of Mountain View, Los Altos, and Los Altos Hills (the "Organization") is a California nonprofit public benefit corporation, which has provided a variety of vital services to the residents of Mountain View, Los Altos, and Los Altos Hills since 1957. The Organization solicits donations from a network of sources, including local businesses and grocers, foundations, churches, individuals, and government agencies. The Organization provides the following five major programs:

1. *Emergency Assistance* – The Organization's Emergency Assistance program offers food, access to medical care, and financial support to families and individuals in crisis in order to provide immediate needs. The Organization provides this assistance with its own Food and Nutrition Center, through in-kind donations of school supplies and gift cards, and with the help of partnering medical care providers in the local community.
2. *Senior Nutrition* – The Organization provides subsidized hot lunches to individuals over age 60 at a local senior center, and provides education and classes promoting nutrition and a healthy lifestyle.
3. *Senior Case Management* – The Organization's caseworkers are trained in geriatric care to assist low-income seniors with access to medical and mental health care, counseling, in-home needs assessments, and community resource referrals.
4. *Alpha Omega* – The Organization partners with other county service providers to reach and assist homeless individuals and families, with the goal of helping to meet immediate needs and to assist in transition to permanent housing.
5. *Guaranteed Basic Income* – The Organization partners with the City of Mountain View to provide monthly direct cash payments to selected eligible extremely low income residents of the City to elevate their basic income and provide more financial security.

Note 2 - Summary of significant accounting policies

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial statement presentation

Under GAAP, 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. Descriptions of the two net asset categories and the types of transactions affecting each category are as follows:

Without donor restrictions - net assets that are not subject to donor-imposed restrictions. Includes the operating fund (undesignated) and board designated reserves. These funds record the net assets over which the Board of Directors has discretionary control and which are used to carry out operations of the Organization in accordance with its bylaws.

COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW, LOS ALTOS, AND LOS ALTOS HILLS

Notes to Financial Statements

June 30, 2023 and 2022

Note 2 - Summary of significant accounting policies (continued)

Financial statement presentation (continued)

With donor restrictions - net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Includes resources currently available for use, but expendable only for those operating purposes specified by the donor or funding source. Resources of this fund originate from gifts, grants, and bequests.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these financial statements include the allowance for doubtful accounts, useful lives of property and equipment, value of donated property and equipment and inventory, functional expense allocations, and the risk-free rate and lease terms. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit and investments with financial institutions with an original maturity of three months or less at the time of purchase.

Grants and contributions receivable

Grants receivable consist of accounts billed to local governmental agencies for services provided under the grant reimbursement agreements, as well as grant contributions received but not yet funded at year end.

Contributions are recognized as receivables when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give that are expected to be collected in future years are recognized at fair value based on discounted cash flows. The discount on these amounts is computed using the rate applicable in the year the promises were received. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the original contribution. There were no unconditional promises expected to be received in future years at June 30, 2023 and 2022.

Conditional contributions are recorded as support in the period the condition is met. As of June 30, 2023, the Organization had a \$250,000 contribution from one donor identified as having donor imposed conditions. For the year ended June 30, 2022, the Organization did not have any conditional grants in which not all of the conditions had been met.

The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Management has determined that no allowance for doubtful accounts is necessary as of June 30, 2023 and 2022.

COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW, LOS ALTOS, AND LOS ALTOS HILLS

Notes to Financial Statements

June 30, 2023 and 2022

Note 2 - Summary of significant accounting policies (continued)

Fair value measurements

The Organization has adopted fair value accounting guidance for all applicable assets and liabilities to define fair value, establish a framework for measuring fair value, and enhance fair value measurement disclosure.

Inventory

Inventory consists of food, homeless kits, and gift cards, the majority of which is donated to the Organization. The inventory is stated at the cost of the items purchased or at an estimated fair value at the time of donation.

Property, equipment, depreciation and amortization

The Organization capitalizes property and equipment acquisitions over \$5,000. Purchased property and equipment are stated at cost less accumulated depreciation. Donated property and equipment are recorded at their estimated fair value at the time of the donation. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Furniture and equipment	5 to 10 years
Computer equipment and software	3 to 5 years
Vehicles	5 years
Building and improvements	3 to 30 years

Impairment of long-lived assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. No asset impairment was recognized during the years ended June 30, 2023 and 2022.

Investments

Investments in marketable securities with readily determinable fair value are reported at their fair value. Realized and unrealized gain and losses are reflected as an increase or decrease in net assets without donor restrictions unless their use has been restricted by the donor.

COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW, LOS ALTOS, AND LOS ALTOS HILLS

Notes to Financial Statements

June 30, 2023 and 2022

Note 2 - Summary of significant accounting policies (continued)

In-kind support and services

Donated property and equipment and other tangible goods are recorded at their estimated fair market value as of the date of the donation. Contributed professional services are recognized if the services received a) create or enhance long-lived assets or b) require specialized skills, are provided by individual possessing those skills, and would typically need to be purchased if not provided by donation, and are recorded at the estimated fair market value at the time the services are rendered. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses, or in the case of long-term assets, over the period benefited. The Organization may also receive donated volunteer services that do not require specific expertise, but are nonetheless central to the Organization's operations. These contributed volunteer services are not reflected in the financial statements as they do not meet the requirement for recognition under GAAP.

Revenue recognition - contracts with customers

Grant revenue

The Organization reports grant revenue at the amounts that reflect the consideration to which the Organization expects to be entitled in exchange for services provided. These amounts are due from third-party payers, with the majority of the grant revenue coming from local governmental agencies in which the residents receiving the services reside. The grant revenue is recognized when invoices are issued for reimbursement of costs incurred during the period the services are performed. The transaction prices for the services provided are dependent upon the terms provided by or negotiated with the third-party payers.

The Organization determines performance obligations based on the nature of the services the Organization provides and recognizes revenues for performance obligations satisfied at a point in time based on the actual services provided. The Organization believes that this method provides a faithful depiction of the transfer of services based on the inputs needed to satisfy the obligations.

All program services are delivered to the residents of Mountain View, Los Altos and Los Altos Hills. All of these revenue streams are short-term in nature and do not have any significant financing components as payments are generally received shortly after the services are provided.

Contract liabilities

Contract liabilities represents amount received in advance from government grants for which the services have not yet been performed. The balance at July 1, 2021 for contract liabilities was \$754,139.

Tax-exempt status

The Organization has been granted tax-exempt status by the Internal Revenue Service (Section 501(c)(3)) and the California Franchise Tax Board (Section 23701d). Accordingly, no provision for income taxes or related credits is included in these financial statements.

The Organization has adopted the accounting standard related to uncertainties in income taxes. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination; therefore, no liability for unrecognized income tax benefits has been recorded as of June 30, 2023 and 2022. The Organization is subject to examination by a major tax jurisdiction back to 2018.

**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW,
LOS ALTOS, AND LOS ALTOS HILLS**

Notes to Financial Statements

June 30, 2023 and 2022

Note 2 - Summary of significant accounting policies (continued)

Leases - recently adopted accounting guidance

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance, Accounting Standards Codification (ASC) Topic 842, Leases, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective July 1, 2022, including the amendments in ASU 2023-01 that apply to related party arrangements between entities under common control. The Organization recognized and measured leases existing at, or entered into after, July 1, 2022 through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

The Organization elected the available practical expedients to account for the Organization's existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Company recognized on July 1, 2022, a lease liability of \$45,951, which represents the present value of the remaining operating lease payments of \$47,316, discounted using the weighted-average risk-free rate of 2.85%, and right-of-use asset of \$45,951. The effect of adopting the new standard did not require any adjustment to net assets as of July 1, 2022.

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets and operating lease liabilities on the statement of financial position. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Organization's lease does not provide an implicit rate, management uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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Notes to Financial Statements

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Note 2 - Summary of significant accounting policies (continued)

Functional allocation of expenses

The costs of providing various program services and general and administrative expenses have been summarized on a functional basis in the statements of activities. Directly identifiable expenses are charged to the related program or supporting services benefited. Accordingly, certain costs have been allocated among program services and supporting services benefited based on the headcount of employees in each department. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

Advertising

Costs associated with advertising are expensed when incurred. Advertising expenses were \$13,051 and \$8,841 for the years ended June 30, 2023 and 2022, respectively.

New accounting pronouncements not yet adopted

In 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the calendar year beginning July 1, 2023. The Organization is currently in the process of evaluating the impact of adoption of this ASU on its financial statements.

Other accounting pronouncements that have been enacted but not yet implemented are not expected to have a material impact on the Organization's financial statements.

Subsequent events

In preparing its financial statements, the Organization has evaluated subsequent events through October 30, 2023, which is the date the financial statements were available to be issued.

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Notes to Financial Statements

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Note 3 - Liquidity and availability of resources

The following table reflects the Organization's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditure within one year from this date. Financial assets are considered to be unavailable when illiquid or not readily convertible to cash within one year.

Financial assets available to meet cash needs for general expenditures within one year as of June 30, 2023 and 2022 are as follows:

	June 30,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 4,482,032	\$ 4,065,249
Investments	6,431,869	6,043,922
Grants and contributions receivable	855,712	972,265
Total financial assets	11,769,613	11,081,436
Less:		
Accounts payable and accrued expenses	(330,183)	(324,309)
Donor restricted bequest held in investments	(1,774,329)	(1,823,060)
	(2,104,512)	(2,147,369)
Total financial assets available within one year	9,665,101	8,934,067
Liquidity resources:		
Amounts unavailable to management without Board approval (Note 8)	(4,316,621)	(5,162,592)
Total financial assets and liquidity resources available within one year	\$ 5,348,480	\$ 3,771,475

During the fiscal year ended June 30, 2018, the Organization received a \$2,000,000 bequest to support the senior case management program. Management has elected to invest the original gift amount with the strategy of long-term growth using the funds to support the Senior Case Management over 20 years.

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Notes to Financial Statements

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Note 4 - Investments

The Organization holds three separate investment accounts at a brokerage firm. The investments are recorded at fair value and are invested in mutual funds, exchange traded funds, and certificates of deposit. The underlying investments include domestic and foreign securities primarily focusing on financial services, technology, industrial, and real estate sectors.

The table below summarizes restrictions and designations of investments:

	June 30,			
	2023		2022	
	Short term	Long term	Short term	Long term
Investments - undesignated	\$ -	\$ -	\$ -	\$ -
Investments - donor restricted	50,000	1,724,329	50,000	1,773,060
Investments - Board designated	250,386	4,407,154	136,872	4,083,990
	\$ 300,386	\$ 6,131,483	\$ 186,872	\$ 5,857,050

Net investment income (loss) consisted of the following:

	June 30,	
	2023	2022
Interest and dividends	\$ 192,446	\$ 166,312
Net realized and unrealized gains (losses)	234,915	(1,124,057)
Investment management fees	(28,351)	(31,278)
	\$ 399,010	\$ (989,023)

Note 5 - Fair value measurements

The Organization adopted fair value accounting for all applicable assets and liabilities. This guidance clarifies that fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. The fair value hierarchy requires the Organization to use observable inputs and minimize the use of unobservable inputs when measuring fair value. As a basis for considering such assumptions, the standards establish a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Other inputs that are directly or indirectly observable in the marketplace. Included in this category are certificates of deposit that are valued at amortized cost, which approximates fair value.
- Level 3: Unobservable inputs which are supported by little or no market activity.

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Notes to Financial Statements

June 30, 2023 and 2022

Note 5 - Fair value measurements (continued)

The following are the major categories of assets measured at fair value on a recurring basis:

	Assets at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Money market fund	\$ 447,631	\$ -	\$ -	\$ 447,631
Stock funds	2,470,426	-	-	2,470,426
Bond funds	1,977,004	-	-	1,977,004
Total mutual funds	4,895,061	-	-	4,895,061
Equity exchange traded funds	1,011,448	-	-	1,011,448
Certificates of deposit	-	525,360	-	525,360
Total investments at fair value	<u>\$ 5,906,509</u>	<u>\$ 525,360</u>	<u>\$ -</u>	<u>\$ 6,431,869</u>
	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Money market fund	\$ 19,616	\$ -	\$ -	\$ 19,616
Stock funds	2,332,431	-	-	2,332,431
Bond funds	2,034,526	-	-	2,034,526
Total mutual funds	4,386,573	-	-	4,386,573
Equity exchange traded funds	945,213	-	-	945,213
Certificates of deposit	-	712,136	-	712,136
Total investments at fair value	<u>\$ 5,331,786</u>	<u>\$ 712,136</u>	<u>\$ -</u>	<u>\$ 6,043,922</u>

The carrying amounts of the Organization's other assets and liabilities on its statements of financial position approximates fair value because of their short maturities.

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Note 6 - Property and equipment

Property and equipment consisted of the following:

	June 30,	
	2023	2022
Land	\$ 80,000	\$ 80,000
Buildings and improvements	1,417,795	1,301,715
Furniture and equipment	80,880	80,880
Vehicles	140,014	114,520
Computer equipment and software	143,512	143,512
Construction in progress	39,225	-
	1,901,426	1,720,627
Less accumulated depreciation and amortization	(1,558,560)	(1,504,026)
	\$ 342,866	\$ 216,601

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 was \$54,535 and \$80,616, respectively.

Note 7 - Accrued expenses

Accrued expenses consisted of the following:

	June 30,	
	2023	2022
Accrued vacation	\$ 118,532	\$ 132,662
Accrued payroll and related taxes	168,988	78,580
Other accrued expenses	15,767	-
	\$ 303,287	\$ 211,242

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Note 8 - Board designated net assets

The Board designated reserves consisted of the following:

	June 30,	
	2023	2022
Operating reserve	\$ 2,864,741	\$ 3,750,368
Capital reserve	726,465	671,930
Investments designated for programs	725,415	740,294
	\$ 4,316,621	\$ 5,162,592

The operating reserve is calculated at the beginning of each year based on four months of the annual operating budget, excluding any one-time expenditures, plus projected cash flow needs and any budgeted deficit for the ensuing year's budget. The reserve is established to sustain operations for a set period of time in the case of any unanticipated decline in available funds. The capital reserve is calculated based off each year's budgeted depreciation expense and is established to replace specific capital items. The board designated investments are to be used to support the Organization's programs with the main focus on services provided to seniors.

Note 9 - Net assets with donor restrictions

Net assets with donor restrictions consisted of the following:

	June 30,	
	2023	2022
Contributions designated for specific programs:		
Senior Case Management	\$ 1,774,329	\$ 1,823,060
Guaranteed Basic Income	121,114	-
Total contributions designated for specific programs	1,895,443	1,823,060
Contributions with timing restrictions	85,000	249,751
Contributions designated for specific programs and with timing restrictions:		
Senior Case Management	480,000	228,000
	\$ 2,460,443	\$ 2,300,811

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Notes to Financial Statements

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Note 9 - Net assets with donor restrictions (continued)

Net assets released from donor restrictions by incurring expenses satisfying donor restricted purposes or by the passage of time are as follows:

	Year Ended June 30,	
	2023	2022
Passage of time	\$ 184,750	\$ 270,000
Purpose restrictions fulfilled	1,505,984	301,410
	\$ 1,690,734	\$ 571,410

Note 10 - In-kind contributions

In fiscal year 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets using a retrospective method. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. The following table summarizes the categories of contributed nonfinancial assets and other required qualitative disclosures:

	Utilization in Programs/Activities	Valuation Techniques and Inputs	Revenue Recognized Year Ended June 30,	
			2023	2022
Food and gift cards	Program support	Valuation is provided by the donor and is based on the federaly established rates by FEMA or Feeding America and approximates the fair value that the Organization would pay for similar products in the market.	\$ 1,258,792	\$ 1,615,818
Rent	Program support	Valuation is provided annually by the donor and is based on comparable rental prices in the San Francisco Bay Area real estate market.	157,500	157,500
			\$ 1,416,292	\$ 1,773,318

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Notes to Financial Statements

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Note 11 - Leases

The Organization has various leases for office space and equipment expiring through June 2026. The payments for the leases range from \$183 to \$1,099 per month. The total operating lease expense for the years ended June 30, 2023 and 2022 amounted to \$32,858 and \$34,523, respectively.

Other information related to the operating leases for the year ended June 30, 2023 is as follows:

Operating cash flows from operating leases	\$ 25,747
ROU assets obtained in exchange for operating lease liability	\$ 87,925
Weighted-average remaining lease term in years for operating leases	2.38
Weighted-average discount rate for operating leases	3.81%

Future minimum lease payments required under the Organization's leases are as follows:

<u>Years Ending June 30,</u>	
2024	\$ 30,733
2025	21,967
2026	<u>13,698</u>
Total future minimum lease payments	66,398
Less: present value discount	<u>(3,124)</u>
Total operating lease liability	63,274
Less: current portion of operating lease liability	<u>(28,852)</u>
	<u><u>\$ 34,422</u></u>

For the year ended June 30, 2022, the Organization accounted for leases under the accounting guidance of FASB ASC Topic 840, requiring the disclosures of the future minimum operating lease payments as follows:

<u>Years Ending June 30,</u>	
2023	\$ 18,462
2024	3,903
2025	<u>1,096</u>
	<u><u>\$ 23,461</u></u>

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Note 12 - Retirement plans

The Organization maintains two defined contribution plans with one plan allowing employer contributions only and the other allowing employee contributions only. Both plans operate under Internal Revenue Code Section 403(b). All eligible employees can defer a percentage of their gross salary into the employee contribution only plan, not to exceed the annual IRS limit. The employer participatory plan requires the Organization to contribute 7% of participants' compensation per year. Participants fully vest upon the earlier of three years of employment, attainment of age 55, permanent disability or death. During the years ended June 30, 2023 and 2022, the Organization made contributions of \$60,158 and \$59,961, respectively.

Note 13 - Concentrations and contingencies

Concentrations

The Organization maintains its cash accounts with credit-worthy financial institutions. The Organization maintains its cash in bank deposit accounts which, at times, may exceed the level insured by the Federal Deposit Insurance Corporation. As of June 30, 2023, the Organization has not experienced any losses on such accounts. Management believes it is not exposed to any significant risk on cash accounts.

During the years ended June 30, 2023 and 2022, the Organization generated approximately 15% and 13%, respectively, of its total contribution revenue from five donors, and approximately 60% and 43%, respectively, of its grant revenue from one granting agency. Receivables from the donors and the granting agency amounted to approximately 56% and 6%, respectively, of total grants and contributions receivable at June 30, 2023 and 23% and 7%, respectively, of total grants and contributions receivable at June 30, 2022.

Contingencies

Conditions and restrictions contained within various contracts, grants, and donations awarded to the Organization are subject to the funding agencies' criteria and regulations and donors restrictions under which expenditures may be charged against, and are subject to audit under such regulations, criteria, and restrictions. Occasionally, funders may determine that certain costs incurred against the grants may not comply with the established criteria that govern them, or the Organization may not be able to spend all the funds for the intended purpose in the specified period. In such cases, the Organization could be held responsible for repayments to the funding source for the costs, or be subject to the reductions of future funding in the amount of the costs.

The Organization is self-insured for unemployment insurance. Management believes that the current unemployment insurance reserve is sufficient and the future claims will not exceed the existing reserve amount.

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Notes to Financial Statements

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Note 14 - Risks and uncertainties

The Organization depends on contributions and grants for a significant portion of its revenue. The ability of certain of the Organization's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon current and future economic conditions. While the Board of Directors believe the Organization has the resources to continue current and future programs, its ability to do so, and the extent to which it does continue, may be dependent on the above factors.

The Organization holds investments in various investment vehicles outlined above. These securities are exposed to various risks such as interest rate and market risks. Due to the level of risk associated with these securities and the level of uncertainty related to changes in value, it is at least reasonably possible that changes in the risk factors will occur in the near term that could materially affect the value of the investments reported in the accompanying financial statements.

Various uncertainties exist in the current global, economic, and political environment. Domestic and international economies continue to face uncertainty related to geopolitical tensions, and economic and financial market instability. The extent of the impact of these uncertainties on the Organization's operational and financial performance and on its employees and vendors, many of which are exposed to foreign activities, will depend on future developments that cannot be predicted. At this point, the extent to which such uncertainties may impact the Organization's financial condition or results of operations is uncertain.