

Children's Network of Solano County

Fairfield, California

Financial Statements and Independent Auditors' Report

For the Year Ended June 30, 2023

*(With Summarized Comparative Financial Information
For the Year Ended June 30, 2022)*



Children's Network of Solano County
For the Year Ended June 30, 2023
(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

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INDEPENDENT AUDITORS' REPORT



To the Board of Directors
of Children's Network of Solano County
Fairfield, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Children's Network of Solano County (a California nonprofit organization) (the "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 Organization as of June 30, 2023, and the changes in its net assets, its functional expenses, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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.

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 Organization's 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 Organization's 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 Organization's financial statements for the year ended June 30, 2022, and we expressed an unmodified opinion on those financial statements in our report dated August 16, 2023. 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.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Sacramento, California
January 22, 2024

FINANCIAL STATEMENTS

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Children's Network of Solano County

Statement of Financial Position

June 30, 2023

(With Comparative Financial Information as of June 30, 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 496,587	\$ 312,078
Contributions receivable, net	283,770	476,298
Prepaid expenses	4,367	8,934
Deposits	3,750	11,194
Property and equipment, net	2,142	4,176
Operating lease right-of-use asset	70,824	-
Finance lease right-of-use asset	1,567	-
Total assets	\$ 863,007	\$ 812,680
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 62,011	\$ 138,178
Accrued expenses	75,788	67,113
Refundable advance	241,375	-
Operating lease liability	74,424	-
Finance lease liability	1,591	-
Total liabilities	455,189	205,291
Net assets:		
Without donor restrictions	191,318	287,593
With donor restrictions	216,500	319,796
Total net assets	407,818	607,389
Total liabilities and net assets	\$ 863,007	\$ 812,680

The accompanying notes are an integral part of these financial statements.

Children's Network of Solano County

Statement of Activities

For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenues:				
Support and other revenue:				
Government grants	\$ 513,326	\$ -	\$ 513,326	\$ 750,043
Foundation and corporate grants	453,758	103,654	557,412	843,040
Other contributions	65,151	-	65,151	6,227
Special events	16,337	-	16,337	-
Less: Cost of direct benefits to donors	(16,136)	-	(16,136)	-
Interest income	29	-	29	202
Other income	1,359	-	1,359	1,019
Total support and other revenue	1,033,824	103,654	1,137,478	1,600,531
Net assets released from restrictions	206,950	(206,950)	-	-
Total revenue	1,240,774	(103,296)	1,137,478	1,600,531
Expenses:				
Program services:				
Family support	1,048,507	-	1,048,507	1,535,311
Council support	145,062	-	145,062	149,725
Advocacy and outreach	51,431	-	51,431	154,355
Total program services expenses	1,245,000	-	1,245,000	1,839,391
Supporting services:				
General and administrative	81,169	-	81,169	69,819
Fundraising	10,880	-	10,880	5,829
Total supporting services expenses	92,049	-	92,049	75,648
Total expenses	1,337,049	-	1,337,049	1,915,039
Changes in net assets	(96,275)	(103,296)	(199,571)	(314,508)
Net assets:				
Beginning of year	287,593	319,796	607,389	921,897
End of year	\$ 191,318	\$ 216,500	\$ 407,818	\$ 607,389

The accompanying notes are an integral part of these financial statements.

Children's Network of Solano County
Statement of Functional Expenses
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

	Program Services			Support Services		2023 Total	2022 Total
	Family Support	Council Support	Advocacy and Outreach	Management and General	Fundraising		
Expenses:							
Personnel expenses:							
Salaries and wages	\$ 133,545	\$ 99,191	\$ 21,129	\$ 31,353	\$ 6,601	\$ 291,819	\$ 313,681
Payroll taxes	11,607	8,051	2,264	2,522	540	24,984	26,960
Employee benefits	20,886	9,872	2,442	7,705	1,095	42,000	42,185
Subtotal personnel expenses	166,038	117,114	25,835	41,580	8,236	358,803	382,826
Accounting and audit	-	-	-	23,426	-	23,426	23,973
Bank charges	31	-	-	825	108	964	63
Conferences and meetings	671	604	114	154	409	1,952	2,211
Consultants	-	2,000	3,150	-	-	5,150	27,356
Depreciation	-	-	-	2,034	-	2,034	2,034
Dues and subscriptions	300	-	-	34	-	334	1,565
Equipment maintenance	1,064	758	139	181	25	2,167	4,393
Information systems	4,496	2,869	508	782	558	9,213	10,289
Lease expense	14,632	6,504	1,234	1,979	251	24,600	-
Liability insurance	2,702	1,611	364	6,781	-	11,458	8,651
Occupancy	9,899	4,400	835	1,339	170	16,643	39,778
Office supplies	2,237	906	161	1,133	517	4,954	5,319
Outreach	87	-	266	76	224	653	1,356
Partner agencies	328,970	-	15,028	-	-	343,998	702,747
Postage	201	167	34	49	7	458	735
Printing	491	64	819	-	96	1,470	2,733
Program expenses	512,266	651	-	364	-	513,281	626,977
Supplies	1,103	6,016	2,505	16	38	9,678	63,822
Telephone	2,712	1,281	249	386	44	4,672	6,619
Training	-	-	-	-	-	-	1,250
Travel	607	117	190	30	197	1,141	342
Total expenses	\$ 1,048,507	\$ 145,062	\$ 51,431	\$ 81,169	\$ 10,880	\$ 1,337,049	\$ 1,915,039

The accompanying notes are an integral part of these financial statements.

Children's Network of Solano County
Statement of Cash Flows
For the Year Ended June 30, 2023
(With Comparative Financial Information for the Year Ended June 30, 2022)

	2023	2022
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ (199,571)	\$ (314,508)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,034	2,034
Amortization of right-of-use-asset	1,881	-
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable, net	192,528	181,069
Prepaid expenses	4,567	(4,345)
Deposits	7,444	-
Operating lease right-of-use asset	(70,824)	-
Increase (decrease) in liabilities:		
Accounts payable	(76,167)	56,039
Accrued expenses	8,675	988
Refundable advance	241,375	-
Operating lease liability	74,424	-
Net cash provided by (used in) operating activities	186,366	(78,723)
Cash flows from financing activities:		
Principal payments on finance leases	(1,857)	-
Net cash provided by (used in) investing activities	(1,857)	-
Net increase (decrease) in cash and cash equivalents	184,509	(78,723)
Cash and cash equivalents:		
Beginning of year	312,078	390,801
End of year	\$ 496,587	\$ 312,078
Supplemental disclosure of cash flow information		
Interest paid	\$ 68	\$ -
Supplemental disclosure of non-cash investing and financing activities:		
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	\$ 94,721	\$ -
Finance leases	\$ 3,448	\$ -

NOTES TO THE FINANCIAL STATEMENTS

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Children's Network of Solano County

Notes to the Financial Statements

For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

Note 1 – Nature of Operations

Children's Network of Solano County, (the "Organization") was incorporated as a nonprofit corporation in 1982. The Organization facilitates partnerships among public and private agencies that serve Solano County families. The mission and vision are:

Mission: Improving the lives of children in Solano County through education, advocacy, coordination of community services and community-based collaborative groups.

Vision: The children of Solano County will reach adulthood having experienced a safe, healthy, and nurturing environment.

The Organization is primarily funded by contracts and grants with federal, state, and local government agencies.

Program Descriptions

There are four broad program areas where the Organization directs its resources and activities. They work to educate people in Solano County about the needs of children and to bring together those who can achieve the best outcomes for kids. The Organization conducts and disseminates research, offers training, administers grants, coordinates county agencies, advocates for policy changes at all levels of government, and works to improve the efficiency and effectiveness of county services for children.

Family Support – The Organization provides support to agencies that serve families and children in Solano County. This includes a network of family resource centers that offer comprehensive family support services in every city in Solano County, providing families with information and referrals, in-home services, parent education, and assistance with social and health emergency needs, and a financial literacy and coaching program to help families achieve financial stability.

Council Support – The Organization provides staff support to the Solano Child Abuse Prevention Council. This support includes convening meetings and events to discuss and identify children's needs in the County, seeking funding to meet those needs, and performing education and public awareness activities.

Advocacy and Outreach – The Organization actively increases parent advocacy in Solano County by delivering a parent leadership training program designed to empower parents and caregivers to be active in making the changes they want to see in their communities. In addition, the organization uses its extensive networks and relationships to perform outreach, education and advocacy on issues impacting the lives of families and children in Solano County.

Fiscal Sponsorship – The Organization provides assistance to local organizations that do not have a 501(c)(3) designation, but are helping local communities, families, and children to be successful, by providing them with the administrative infrastructure needed to raise and spend funds for their efforts. There were no expenses to this program service for the years ended June 30, 2023 and 2022.

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 ("U.S. GAAP") where revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Children's Network of Solano County
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASU 2016-14, 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 and net assets with donor restrictions.

Comparative Financial Information

The accompanying 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 conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization considers all financial instruments purchased with an original maturity of three months or less to be cash equivalents.

Contributions Receivable

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Based on historical experience, an assessment of economic conditions, and a review of subsequent collections, management expects all such contributions to be collectible. Accordingly, an allowance for uncollectible contributions has not been established as of June 30, 2023 and 2022.

Property and Equipment

Property and equipment valued at \$1,500 or more are carried at cost, if purchased, or at estimated fair value on the date contributed, if donated, less accumulated depreciation. The Organization's policy is to provide for depreciation using the straight-line method over the estimated useful life of each type of asset ranging from 5 to 30 years.

If donors stipulate the period of time during which the assets must be used, the contributions are recorded as support with donor restrictions, and released as restrictions expire. In the absence of such stipulations, contributions of property and equipment and gifts of cash restricted for the acquisition of property and equipment, are recorded as support without donor restrictions when the assets are placed in service. For the years ended June 30, 2023 and 2022, the Organization received no donated property or equipment.

Maintenance and repairs are charged to expense when incurred. Additions and major renewals are capitalized. When assets are retired or otherwise disposed of the cost or donated value and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in other revenues (expenses) for the period.

Children's Network of Solano County
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

Note 2 – Summary of Significant Accounting Policies (Continued)

Leases

The Organization applies Accounting Standards Codification (“ASC”) 842, *Leases*, in determining whether an arrangement is or contains a lease at the lease inception. An arrangement is considered to include a lease if it conveys the right to control the use of identified property or equipment for a period in excess of twelve months in exchange for consideration. The Organization defines control of the assets as the right to direct the use of the identified assets. The Organization further determines all the existing leases are operating leases, which are included in Right-of-use (“ROU”) assets and liabilities in the statement of financial position. ROU assets represent the Organization’s right to use leased assets over the term of the lease. Lease liabilities represent the Organization’s contractual obligation to make lease payments and are measured at the present value of the future lease payments over the lease term using a risk-free rate as permitted under ASC 842. ROU assets are calculated as the present value of the future lease payments adjusted by any deferred rent liability and lease incentives.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets without Donor Restrictions:* Net assets for use in general operations and not subject to donor (or certain grantor) restrictions. From time-to-time, the Board of Directors may earmark net assets from this category.
- *Net Assets with Donor Restrictions:* Net assets subject to donor- (or certain grantor-) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

All contributions are considered available for general use, unless specifically restricted by donor or subject to other legal restrictions.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, 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 substantially met.

Children's Network of Solano County
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

Note 2 – Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition (Continued)

A portion of the Organization's revenue is derived from cost-reimbursable federal, state, local, and foundation 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 refundable advances in the statement of financial position. The Organization has received cost-reimbursable grants totaling \$553,239 and \$651,447 that have not been recognized as of June 30, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred. As of June 30, 2023 and 2022, \$241,375 and \$-0-, respectively, have been received in advance under the Organization's federal, state, and local contracts and grants.

In-kind Contributions

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Organization does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended June 30, 2023 and 2022, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been detailed in the statement of functional expenses and are summarized on a functional basis in the statement of activities. Program and supporting services are charged with their direct expenses. Certain categories of expenses are attributed to both program and supporting services. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include personnel and occupancy costs, among other expenses; which are allocated on the basis of estimates of time and effort, square footage basis, as well as other methods as determined from time-to-time by management.

Advertising Costs

All advertising costs are expensed as incurred and totaled \$169 and \$1,356 for the years ended June 30, 2023 and 2022, respectively.

Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California code sections. The Organization is considered a public charity and has been classified as an Organization that is not a private foundation under IRC Section 170(b)(1)(a)(vi).

Management has processes presently in place to ensure maintenance of the Organization's tax-exempt statuses; to identify and report unrelated business income; to determine the filing and tax obligations for which the Organization has nexus; and to identify and evaluate other matters that may be considered tax positions. Management has evaluated the tax positions and related income tax contingencies and do not believe that any material uncertain tax positions exist that require recognition or disclosure in the financial statements.

Children's Network of Solano County
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

Note 2 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

In preparing financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could vary from those estimates under different assumptions or conditions.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash and equivalents with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year financial statement presentation. Any reclassifications made have had no impact on previously reported net assets.

Adopted Accounting Pronouncements

During the year ended June 30, 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)* which supersedes the leasing guidance in *Topic 840*. The most significant change in the new lease guidance is the requirement to recognize right-of-use assets and lease liabilities for operating leases on the statement of financial position.

The Organization adopted the leasing standards effective July 1, 2022, using the modified retrospective approach with July 1, 2022, as the initial date of application. Management has elected to apply all of the practical expedients available under the new guidance, which allows the Organization to: (1) not reassess whether any expired or existing contracts previously assessed as not containing leases are, or, contain leases; (2) not reassess the lease classification for any expired or existing leases; and (3) not reassess initial direct costs for any existing leases. The Organization has elected to apply the practical expedient to use hindsight in determining the lease term.

The most significant impact was the recognition of right-of-use assets and lease liabilities for all leases with terms greater than twelve months. Accordingly, operating right-of-use assets and lease liabilities with balances of \$94,721 and \$97,221, respectively, were recognized on July 1, 2022. In addition, finance right-of-use assets and lease liabilities with balances of \$3,448 and \$3,455, respectively, were recognized on July 1, 2022. There was no impact upon the opening net assets as of June 30, 2022.

Children's Network of Solano County
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

Note 3 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30, 2023 and 2022:

	2023	2022
Cash	\$ 496,587	\$ 312,078
Contributions receivable	283,770	403,482
Less those financial assets unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor for purpose	(216,500)	(319,796)
Financial assets available to meet cash needs for general expenditures within one year	\$ 563,857	\$ 395,764

The Organization tries to maintain a liquid cash balance in checking and money market accounts in an amount necessary to meet anticipated expenditures for at least the next 60 days. Cash in excess of this may be invested in short-term investments. To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of \$100,000, which could be drawn upon if needed.

Note 4 – Contributions Receivable

Contributions receivable consisted of the following as of June 30, 2023 and 2022:

	2023	2022
Unconditional promises to give	\$ 283,770	\$ 478,482
Less: unamortized discount	-	(2,184)
Contributions receivable, net	\$ 283,770	\$ 476,298
	2023	2022
Amounts due in:		
Less than one year	\$ 283,770	\$ 403,482
One to five years	-	75,000
Total contributions receivable	\$ 283,770	\$ 478,482

The discount rate applied is 3%.

Children's Network of Solano County
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

Note 5 – Property and Equipment

Property and equipment consisted of the following as of June 30, 2023 and 2022:

	2023	2022
Furniture and fixtures	\$ 22,743	\$ 22,743
Equipment	6,505	6,505
Total property and equipment	29,248	29,248
Less: accumulated depreciation	(27,106)	(25,072)
Total property and equipment, net	\$ 2,142	\$ 4,176

Note 6 – Line of Credit

The Organization has a \$100,000 revolving line of credit with a bank. Advances on the credit line are payable on demand. The line of credit is secured by chattel paper, accounts receivable, and equipment. The line of credit was most recently renewed on October 10, 2022. The Organization had no outstanding balance as of June 30, 2023 and 2022.

Note 7 – Leases

Accounting for Leases under Topic 842 (New Standard)

The Organization leases office facilities and equipment at various terms under long-term non-cancelable operating and finance lease agreements. The leases expire at various dates through 2030.

Total lease costs for the year ended June 30, 2023 are as follows:

Operating lease cost	\$ 24,600
Finance lease costs:	
Interest expense	68
Amortization of right-of-use assets	1,881
Total lease costs	\$ 26,549

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The following summarizes the weighted-average remaining lease term and weighted-average discount rate for the year ended June 30, 2023:

Weighted-average remaining lease term:	
Operating leases	2.9 years
Finance leases	0.8 years
Weighted-average discount rate:	
Operating leases	0.81%
Finance leases	2.60%

Children's Network of Solano County
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

Note 7 – Leases (Continued)

Accounting for Leases under Topic 842 (New Standard)(Continued)

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of June 30, 2023:

Year Ending June 30,	Operating	Finance
2024	\$ 24,700	\$ 1,610
2025	25,900	-
2026	24,750	-
	75,350	1,610
Total lease payments	75,350	1,610
Less: imputed interest	(926)	(19)
Present value of lease liabilities	\$ 74,424	\$ 1,591

Accounting for Leases under Topic 840 (Previous Standard)

As previously disclosed in the Organization's audited financial statements for the year ended June 30, 2022, and under the previous lease accounting rules, future minimum lease payments as of June 30, 2022, were as follows:

Year Ending June 30,	Total due
2023	\$ 30,710
2024	24,700
2025	25,900
2026	24,750
Total	\$ 106,060

Rent expense for the above operating leases and other month-to-month arrangements for the year ended June 30, 2022 was \$39,753.

Note 8 – Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30, 2023 and 2022:

	2023	2022
Subject to expenditure for a specified purpose:		
Basic needs	\$ 1,000	\$ 29,338
Children's health	107,996	164,510
Children's programs	80,654	100,948
Strategic communications plan	26,850	25,000
Total net assets with donor restrictions	\$ 216,500	\$ 319,796

Children's Network of Solano County
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

Note 8 – Net Assets with Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Satisfaction of purpose restrictions:		
Basic needs	\$ 28,338	\$ 315,662
Children's health	56,514	113,773
Children's programs	97,098	32,652
Strategic communications plan	25,000	-
Total net assets released from donor restrictions	\$ 206,950	\$ 462,087

Note 9 – Commitments and Contingencies

In addition, the Organization has been awarded certain grants and contracts and are subject to financial and compliance requirements of the grantors or their representatives. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although management does not expect such amounts, if any, to materially affect the financial statements.

Note 10 – Concentrations

For the year ended June 30, 2023, approximately 61% of total revenue was provided by three funding sources. In addition, as of June 30, 2023, approximately 95% of contributions receivable was due from three funding sources.

For the year ended June 30, 2022, approximately 53% of total revenue was provided by three funding sources. In addition, as of June 30, 2022, approximately 54% of contributions receivable was due from two funding sources.

Note 11 – Retirement Plan

The Organization has established a benefit policy called Flex Comp under Internal Revenue Code Section 125, otherwise known as a Cafeteria Plan. The plan maintains a contributory retirement program which is available to employees and allows the participants to make tax deferred annuity contributions. The Organization makes matching contributions to the retirement plan of 1% of salary for participating employees. Total costs were \$1,132 and \$2,250 for the years ended June 30, 2023 and 2022, respectively.

Note 12 - Subsequent Events

The Organization has evaluated subsequent events through January 22, 2024, the date the financial statements are available to be issued, and is not aware of any other subsequent events which would require recognition or disclosure in the financial statements.

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