Contra Costa Senior Legal Services

Audited Financial Statements

For the Years Ended June 30, 2023 and 2022

With Independent Auditors' Report Thereon

(A California Not-for-Profit Corporation)

CONTENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Contra Costa Senior Legal Services

Opinion
We have audited the accompanying financial statements of Contra Costa Senior Legal Services (a California nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, 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 Contra Costa Senior Legal Services as of June 30, 2023, and the changes in 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 Contra Costa Senior Legal Services 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 Contra Costa Senior Legal Services' 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 Contra Costa Senior Legal Services' 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 Contra Costa Senior Legal Services' 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 Contra Costa Senior Legal Services' June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 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.

Regalia & Associates

Danville, California
March 17, 2024

Statements of Financial Position
June 30, 2023 and 2022

ASSETS

	2023	2022
Current assets:		
Cash and cash equivalents	**$ 694,052**	$ 779,666
Grants and accounts receivable	**436,921**	390,394
Prepaid expenses	**11,258**	-
Total current assets	**1,142,231**	1,170,060
Noncurrent assets:		
Property and Equipment, Net	**2,558**	5,116
Deposit	**1,600**	1,600
Operating right of use asset - premises	**180,636**	216,563
Total noncurrent assets	**184,794**	223,279
Total assets	**$ 1,327,025**	$ 1,393,339

LIABILITIES AND NET ASSETS

	2023	2022
Current liabilities:		
Accounts payable and accrued liabilities	**$ 21,556**	$ 9,267
Accrued payroll liabilities	**23,214**	27,702
Operating lease payable - current portion	**36,641**	35,927
Total current liabilities	**81,411**	72,896
Noncurrent liabilities:		
Operating lease payable - noncurrent portion	**143,995**	180,636
Total liabilities	**225,406**	253,532
Net assets:		
Without donor restrictions	**851,091**	806,602
With donor restrictions	**250,528**	333,205
Total net assets	**1,101,619**	1,139,807
Total liabilities and net assets	**$ 1,327,025**	$ 1,393,339

Statement of Activities and Changes in Net Assets
For the Years Ended June 30, 2023 and 2022

Changes in net assets:	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenue and support:				
Contributed income:				
Foundation and corporate grants	$ 55,076	$ 32,000	**$ 87,076**	$ 424,290
Individual donations	33,943	-	**33,943**	30,116
Government grants	637,542	182,050	**819,592**	682,520
Contributions of nonfinancial assets	430,887	-	**430,887**	453,795
Net assets released from restrictions	296,727	(296,727)	**-**	-
Total contributed income	1,454,175	(82,677)	**1,371,498**	1,590,721
Earned revenue:				
Unrealized gains	-	-	**-**	95
Interest income	1,916	-	**1,916**	399
Total earned revenue	1,916	-	**1,916**	494
Total revenue and support	1,456,091	(82,677)	**1,373,414**	1,591,215
Expenses:				
Program expenses	1,211,685	-	**1,211,685**	937,084
General and administrative	157,649	-	**157,649**	126,882
Fundraising	42,268	-	**42,268**	32,872
Total expenses	1,411,602	-	**1,411,602**	1,096,838
Increase (decrease) in net assets	44,489	(82,677)	**(38,188)**	494,377
Net assets at beginning of year	806,602	333,205	**1,139,807**	645,430
Net assets at end of year	$ 851,091	$ 250,528	**$ 1,101,619**	$ 1,139,807

Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Operating activities:		
Increase (decrease) in net assets	**$ (38,188)**	$ 494,377
Adjustments to reconcile to cash provided by operating activities:		
Depreciation	**2,558**	5,761
Amortization of operating right of use asset - premises	**43,200**	-
Changes in:		
Grants and accounts receivable	**(46,527)**	(241,949)
Prepaid expenses	**(11,258)**	-
Deposits	**-**	(1,600)
Operating right of use asset - premises	**(7,273)**	(216,563)
Accounts payable and accrued liabilities	**12,289**	7,311
Accrued payroll liabilities	**(4,488)**	10,306
Refundable Advances	**-**	(89,907)
Operating lease payable	**-**	216,563
Cash provided by (used for) operating activities	**(49,687)**	184,299
Financing activities:		
Principal payments applied to operating lease payable	**(35,927)**	-
Cash used for financing activities	**(35,927)**	-
Net increase (decrease) in cash and cash equivalents	**(85,614)**	184,299
Cash and cash equivalents at beginning of year	**779,666**	595,367
Cash and cash equivalents at end of year	**$ 694,052**	$ 779,666
Additional cash flow information:		
State registration taxes paid	**$ 200**	$ 200
Interest and finance charges paid	**$ -**	$ 310

Statement of Functional Expenses
For the Year Ended June 30, 2023
(with Summarized Financial Information for the Year Ended June 30, 2022)

	Program Services				General and			
	Legal Services	Education and Training	Others	Total Programs	Admin-istrative	Fund-raising	Total 2023	Total 2022
Bank charges and credit card fees	$ 215	$ 43	$ 29	$ 287	$ 37	$ 10	**$ 334**	$ 247
Dues and subscriptions	3,183	637	424	4,244	543	148	**4,935**	3,352
Business development	7,142	1,428	952	9,522	1,218	332	**11,072**	2,586
Interest	-	-	-	-	-	-	**-**	310
Depreciation	1,650	330	220	2,200	281	77	**2,558**	5,761
Education and training	2,287	457	305	3,049	390	106	**3,545**	899
Insurance	4,304	861	574	5,739	734	200	**6,673**	8,353
Miscellaneous	2,055	411	274	2,740	3,037	96	**5,873**	4,152
Office supplies	9,665	1,933	1,288	12,886	1,648	450	**14,984**	8,400
Professional services	367,122	73,424	48,950	489,496	62,611	17,075	**569,182**	499,869
Rent and utilities	32,248	6,450	4,300	42,998	5,500	1,500	**49,998**	43,319
Salaries, benefits and taxes	463,702	92,740	61,827	618,269	79,082	21,568	**718,919**	503,590
Telephone and internet	12,133	2,427	1,618	16,178	2,069	564	**18,811**	14,847
Transportation and lodging	3,057	612	408	4,077	499	142	**4,718**	1,153
Totals	$ 908,763	$ 181,753	$ 121,169	$ 1,211,685	$ 157,649	$ 42,268	**$ 1,411,602**	$ 1,096,838

1. Organization

Contra Costa Senior Legal Services (CCSLS) was organized as a nonprofit corporation in 1986 and maintains its corporate office in Concord, California. CCSLS strives to provide free essential legal services to seniors in Contra Costa County, including representation, advocacy, and education. The Organization's main sources of revenues are from grants and donations. In addition, the Organization also receives significant donations from the community in form of volunteers providing legal services.

2. Summary of Significant Accounting Policies

Basis of accounting – The financial statements of CCSLS have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

Measure of operations – The statement of activities and changes in net assets 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 CCSLS ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

Cash and cash equivalents – CCSLS's cash consists of cash on deposit with banks. Cash equivalents represent savings, cash deposits and money market accounts with maturity dates of three months or less from the date of inception.

Concentrations of credit risk – Financial instruments that potentially subject CCSLS to concentrations of credit risk consist principally of cash and cash equivalents and deposits. CCSLS maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy. To date, CCSLS has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and grants receivable considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of the CCSLS mission.

Accounts and Contributions Receivable – CCSLS records contribution receivable that are expected to be collected within one year at net realizable value. When material, 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 on the statement of activities. The allowance for uncollectible receivables is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible.

2. Summary of Significant Accounting Policies (*continued*)

Receivables and Credit Policies – CCSLS determined that no allowance for doubtful uncollectible accounts receivable is needed based on historical experience, an assessment of economic conditions, and a review of subsequent collections. It is the policy of the organization to periodically assess receivables to determine proper carrying value.

Fair value measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). CCSLS groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
Level 2: Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3: Unobservable inputs that cannot be corroborated by observable market data.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

Functional Allocation of Expenses - The costs of providing program and other activities have been summarized on a functional basis in the statements of activities in accordance with the requirements of *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities,* which requires CCSLS to report expenses by their natural classification. Every natural expense must be broken out into individual functional categories on an analysis of expenses by their nature and function. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (salaries, wages, payroll taxes, professional services) have been allocated based on time and effort using CCSLS's payroll allocations. Other common expenses which benefit all areas have been allocated in accordance with specific services received from vendors and/or other equitable and measurable methods.

2. Summary of Significant Accounting Policies *(continued)*

Property and Equipment - CCSLS's policy is to record property and equipment purchases at cost or, if donated, at fair market value on the date of donation. Depreciation will be calculated using the straight-line method over the estimated useful lives of the assets.

Costs of maintenance and repairs are expensed currently. CCSLS reviews the carrying values of all assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. The Organization has determined that no long-lived assets were impaired during the year ended June 30, 2023.

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

Net Assets Without Donor Restrictions
Net assets without donor restrictions represent funds which are available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, and it has not opted to do so as of June 30, 2023.

Net Assets With Donor Restrictions
Net assets with donor restrictions represent funds which are subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Reclassifications – Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies (*continued*)

Revenue and Revenue Recognition - Revenue is recognized in accordance with authoritative guidance, including *ASU 2018-08, Not-for-Profit Entities (Topic 605)* and *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute is accounted for as a refundable advance until the conditions have been substantially met. Certain payments received include both elements of contributed income and earned income (such as special events), and management evaluates such transactions to determine the proper revenue rules to apply and to bifurcate the revenue components. When applicable, revenue earned under a contractual arrangement (an "exchange transaction") is recognized when earned and therefore measured as services are provided in accordance with Topic 606.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Contributions of Nonfinancial Assets - Contributed services and costs are reflected at the fair value of the contribution received in accordance with *ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statement of activities and statements of functional expenses.

Volunteers contribute significant amounts of time to our 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.

Comparative Financial Information - The CCSLS financial statements include certain prior-year summarized comparative information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2023, from which the summarized information was derived.

2. Summary of Significant Accounting Policies (*continued*)

Income Taxes – Financial statement presentation follows the recommendations of *ASC 740, Income Taxes*. Under ASC 740, CCSLS is required to report information regarding its exposure to various tax positions taken by the organization and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold.

Management believes that the organization has adequately addressed all tax positions and that there are no unrecorded tax liabilities. Management believes that CCSLS has adequately evaluated its current tax positions and has concluded that as of June 30, 2023, CCSLS does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

CCSLS has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. This exemption is subject to periodic review by the federal and state taxing authorities and management is confident that the organization continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

CCSLS may periodically receive unrelated business income (such as sublease income) requiring the organization to file separate tax returns under federal and state statutes. Under such conditions, CCSLS will calculate, accrue and remit the applicable tax liability.

Recent and Relevant Accounting Pronouncements – The following pronouncements represent relevant current accounting guidance applicable to nonprofit organizations:

In August 2016, the FASB issued *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. CCSLS has followed the recommendation of the update to ensure presentation conformity of its financial statements.

In August 2014, the FASB issued *ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which requires an organization's management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of March 17, 2024 (the date of the Independent Auditors' Report), CCSLS management has made this evaluation and has determined that CCSLS has the ability to continue as a going concern.

2. Summary of Significant Accounting Policies (*continued*)

In May 2014, the FASB completed its Revenue Recognition project by issuing *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*. This guidance establishes the principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The guidance (1) removes inconsistencies and weaknesses in existing revenue requirements, (2) provides a more robust framework for addressing revenue issues, (3) improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets, (4) provides more useful information to users of financial statements through improved disclosure requirements, and (5) simplifies the preparation of financial statements by reducing the number of requirements to which an organization must refer.

In June 2018, the FASB issued *ASU 2018-08, Not-for-Profit Entities (Topic 605) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Accordingly, CCSLS has incorporated these clarifying standards within the audited financial statements.

In September 17, 2020, the FASB issued *Accounting Standards Update (ASU) 2020-07; Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The Update increases transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by non-profit organizations, including transparency on how those assets are used and how they are valued. The Update requires that an organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires that an organization disclose:

1. A disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets.
2. For each category of nonfinancial assets recognized:

- Qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a description of the programs or other activities in which those assets were used
- The organization’s policy (if any) about monetizing rather than utilizing contributed nonfinancial assets
- A description of any donor-imposed restrictions associated with the contributed nonfinancial assets
- A description of the valuation techniques and inputs used to arrive at a fair value measure in accordance with requirements in *Topic 820, Fair Value Measurement*, at initial recognition
- The principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient not-for-profit is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets.

2. Summary of Significant Accounting Policies (*continued*)

In November 2016, the FASB issued *ASU 2016-18, Restricted Cash*. This guidance requires entities to show the changes in the total of cash, cash equivalents, restricted cash, and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. When cash, cash equivalents, restricted cash and restricted cash equivalents are presented in more than one line item on the statements of financial position, the new guidance requires a reconciliation of the totals in the statement of cash flows to the related captions in the statements of financial position.

3. Cash and Cash Equivalents

Cash and cash equivalents include all funds in banks (checking, savings, and money market) at the time of purchase that have a maturity date of 90 days or less. The components of cash and cash equivalents are as follows at June 30:

	2023	2022
Checking accounts	**$ 112,504**	$ 70,079
Savings accounts	**581,548**	606,227
Money market	**-**	103,360
Total cash and cash equivalents	**$ 694,052**	$ 779,666

From time to time, certain checking and savings accounts may reflect balances exceeding the federally insured limit of $250,000. CCSLS attempts to limit its credit risk associated with cash equivalents by utilizing highly rated financial institutions. Funds classified as savings earn interest at the fixed rate of 0.05% per annum at June 30, 2023.

4. Property and equipment

Property and equipment consist of the following at June 30:

	2023	2022
Fixed assets	**$ 44,835**	$ 44,835
Leasehold improvements	**31,835**	31,835
Less: accumulated depreciation	**(74,112)**	(71,554)
Property and equipment, net	**$ 2,558**	$ 5,116

Depreciation expense amounted to $2,558 and $5,761 for the years ended June 30, 2023 and 2022, respectively.

5. Grants and Pledges Receivable

Grants and pledges receivable of $436,921 and $390,394 at June 30, 2023 and 2022, respectively, represent funds due from various individuals, foundations, and other organizations. During the years ended June 30, 2023 and 2022, CCSLS had no bad debt write-offs. Management has evaluated the receivables as of June 30, 2023 and determined that such amounts are fully collectible based on an analysis of collection experience, the financial strength of the donors involved, and other factors. Accordingly, no reserve for uncollectible amounts has been established.

6. Fair Value Measurements

Composition of assets utilizing fair value measurements at June 30, 2023 is as follows:

	Totals	Level 1	Level 2	Level 3
Grants and accounts receivables	$ 436,921	$ -	$ 436,921	$ -
Totals	$ 436,921	$ -	$ 436,921	$ -

Composition of assets utilizing fair value measurements at June 30, 2022 is as follows:

	Totals	Level 1	Level 2	Level 3
Grants and accounts receivables	$ 390,394	$ -	$ 390,394	$ -
Totals	$ 390,394	$ -	$ 390,394	$ -

Fair value measurements establish a fair value hierarchy that prioritizes the input used to measure fair value. This hierarchy consists of three broad levels: (a) Level 1 measurement reflects the value of the investments at quoted prices in active markets for identical assets, generally without any adjustments, (b) Level 2 assets and liabilities are valued based on "observable inputs" other than quoted active market prices, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and interest rates and yield curves, and (c) Level 3 assets and liabilities are valued based on “unobservable inputs," such as a company’s own estimates and pricing models. CCSLS had no assets classified as Level 1 or Level 3 at June 30, 2023 and 2022.

7. Retirement Plan

CCSLS offers employees the opportunities for participation in a SIMPLE IRA plan. This plan covers employees who have satisfied plan requirements for eligibility. During the years ended June 30, 2023 and 2022, CCSLS made employer-matching contributions of $18,800 and $13,025, respectively.

8. Contributions of Nonfinancial Assets

Contributed services and costs are reflected at the fair value of the contribution received. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Accordingly, CCSLS recognized $430,887 and $453,795 of pro-bono legal services during the years ended June 30, 2023 and 2022, respectively. These legal services were related to CCSLS' unrestricted programmatic activities and the values of these contributions met the criteria for recognition under *ASC 958.605.30-11 Revenue Recognition of Not-For-Profit Entities* and are reflected in the financial statements on the statement of activities and changes in net assets.

9. Liquidity

CCSLS regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. CCSLS has various sources of liquidity at its disposal, including cash and equivalents and receivables. For purposes of analyzing resources available to meet general expenditures over a 12-month period, CCSLS considers all expenditures related to its ongoing activities of promoting healthier lives and prevent disease among underserved populations as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, CCSLS operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of CCSLS's cash and shows positive cash generated by operations for years ended June 30, 2023 and 2022. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2023	2022
Cash and cash equivalents	**$ 694,052**	$ 779,666
Accounts, grants, and contracts receivable (current portion)	**436,921**	390,394
Less: amounts not available to be used within one year:		
Net assets with donor restrictions for programs	**(228,028)**	(288,205)
Financial assets available to meet general expenditures over the next twelve months	**$ 902,945**	$ 881,855

During the fiscal year, CCSLS receives a certain level of support by way of restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, CCSLS must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year.

As part of CCSLS's liquidity management, the organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. CCSLS's goal is generally to maintain financial assets to meet 90 days of operating expenses.

10. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of *ASC 710.25, Compensated Absences*. Under ASC 710.25, CCSLS is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Annual leave accruals are recorded in the financial statements as an accrued liability based on hourly rates in effect at the end of the fiscal year. Accrued payroll liabilities amounted to $23,214 and $27,702 at June 30, 2023 and 2022, respectively, and are reflected on the statements of financial position.

11. Net Assets

Net Assets Without Donor Restrictions
Net assets without donor restrictions of $851,091 and $806,602 at June 30, 2023 and 2022, respectively, represent the cumulative net surpluses since the organization's inception.

Net Assets With Donor Restrictions
CCSLS recognizes support from net assets with donor restrictions when the restrictions imposed by the donors have been satisfied or expired. During the years ended June 30, 2023 and 2022, contributions to net assets with donor restrictions amounted to $214,050 and $546,060, respectively. Net assets released from restrictions amounted to $296,727 and $278,711 during the years ended June 30, 2023 and 2022, respectively.

12. Operating Right of Use Asset – Premises and Operating Lease

In accordance with ASU 2016-02, Leases, CCSLS is required to reflect the present value of future operating lease payments (discounted at an appropriate borrowing rate) as an "Operating Right of Use" asset and a corresponding operating lease liability. As of June 30, 2023, the operating lease liability amounted to $180,636 (split between current portion of $36,641 and noncurrent portion of $143,995) with a corresponding operating right of use asset for the premises in the amount of $180,636. CCSLS 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. CCSLS applied the risk-free rate option to the building class of assets. The weighted average discount rate associated with the calculation of the present value of the future lease payments was 4.0%.

CCSLS leases its office space in Berkeley under a 72-month operating lease expiring on January 31, 2028. CCSLS is responsible for its own common area maintenance services, and utilities. Total occupancy expense amounted to $49,998 and $43,319 for the years ended June 30, 2023 and 2022, respectively. The amortization of the operating right of use asset – premises amounted to $43,200 for the year ended June 30, 2023 and is included in the occupancy figure above.

12. Operating Right of Use Asset – Premises and Operating Lease *(continued)*

As of June 30, 2023, minimum annual payments on all operating leases for the next five years under written contractual agreements are as follows: *Year ending June 30, 2024: $43,200; Year ending June 30, 2025: $43,200; Year ending June 30, 2026: $43,200; Year ending June 30, 2027: $43,200 and Year ending June 30, 2028: $25,200*.

13. Commitments and Contingencies

In the normal course of business CCSLS could be subject to certain commitments and contingencies which might not be fully reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) grant restrictions and donor conditions which obligate CCSLS to fulfill certain requirements as set forth in grant instruments, (b) funding levels which vary based on factors beyond CCSLS's control, such as generosity of donors and general economic conditions, (c) employment and service agreements with key management personnel, and (d) financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments, contingencies, and risks will not have a material adverse effect on the financial statements.

14. SBA and Paycheck Protection Program

CCSLS received two rounds of forgivable loans under the Small Business Administration Paycheck Protection Program ("PPP") in the years ended June 30, 2022 and 2021. Congress established the PPP to provide relief to small businesses during the coronavirus pandemic as part of the $2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136. This legislation authorized the United States Treasury Department to use the SBA's 7(1) small business lending program to fund loans of up to $10 million per borrower that qualifying entities can spend to cover payroll, interest, rent and utilities.

Under the guidance in *FASB ASC 958-605*, management initially recorded the forgivable loan as a refundable advance. CCSLS expended a portion of the funds for payroll, operating overhead, and other eligible costs in accordance with its agreements with the SBA. In October 2021, CCSLS received forgiveness for $58,099 and recorded this as contributed income. This amount is reflected as government support on the statement of activities and changes in net assets for the year ended June 30, 2022.

15. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, CCSLS has evaluated subsequent events through March 17, 2024, the date the financial statements were available to be issued. In the opinion of management, there are no subsequent events which necessitate disclosure.