

**STARTING OVER, INC.**  
*(A California not-for-profit corporation)*

***INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS AS OF  
AS OF DECEMBER 31, 2022***

**STARTING OVER, INC.**  
*(A California not-for-profit corporation)*

Table of contents

	<b><u>Page</u></b>
Independent auditor's report	3
Statement of financial position	5
Statement of activities	6
Statement of functional expenses	7
Statement of cash flows	8
Notes to financial statements	9

# JEFFREY A. HILL CPA, INC.

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To the Board of Directors  
**Starting Over, Inc.**  
Corona, California

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of **Starting Over, Inc.** (a California not-for-profit corporation), which comprise the statement of financial position as of December 31, 2022, 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 present fairly, in all material respects, the financial position of **Starting Over, Inc.** as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Starting Over, Inc.** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### 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 **Starting Over, Inc.**'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued. 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 **Starting Over, Inc.**'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

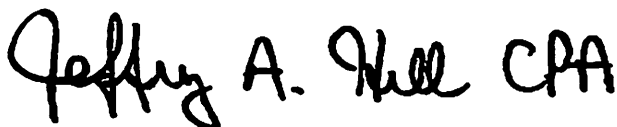
### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it occurs. The risk of not detecting a material misstatement resulting from fraud is higher than 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgement 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 **Starting Over, Inc.**'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Starting Over, Inc.**'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.

Handwritten signature of Jeffrey A. Hill CPA in black ink.

Carson, California  
September 14, 2023

**STARTING OVER INC.**  
**STATEMENT OF FINANCIAL POSITION**  
At December 31, 2022

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 971,685
Accounts and grants receivable	299,592
Inventory	<u>12,565</u>
<b>Total current assets</b>	<u>1,283,842</u>

**PROPERTY AND EQUIPMENT:**

Building (Note 3)	1,120,400
Office furniture and equipment (Note 3)	24,423
Vehicles (Note 3)	61,500
Land (Note 3)	<u>280,100</u>
Total property and equipment	1,486,423
Less: accumulated depreciation (Note 3)	<u>(56,790)</u>
<b>Net property and equipment</b>	<u>1,429,633</u>

**OTHER ASSETS:**

Advance rents	41,414
Security deposits	<u>10,800</u>
<b>Total other assets</b>	<u>52,214</u>

<b>Total assets</b>	\$ <u><u>2,765,689</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Accounts payable and other liabilities	\$ 74,235
Loan payable-current portion (Note 4)	<u>26,152</u>
<b>Total current liabilities</b>	<u>100,387</u>

**LONG-TERM LIABILITIES:**

Loan payable-net of current portion (Note 4)	<u>994,850</u>
<b>Total liabilities</b>	<u>1,095,237</u>

**NET ASSETS:**

Without donor restrictions	<u>1,670,452</u>
<b>Total net assets</b>	<u>1,670,452</u>

<b>Total liabilities and net assets</b>	\$ <u><u>2,765,689</u></u>
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The accompanying notes are an integral part of these financial statements.

**STARTING OVER INC.**  
**STATEMENT OF ACTIVITIES**  
For the year ended December 31, 2022

	<b>Without donor restrictions</b>	<b>Total</b>
<b>Revenues:</b>		
Grants and contributions	\$ 3,077,931	\$ 3,077,931
Program services	282,362	282,362
Investment income	114	114
Fundraising	45,075	45,075
<b>Total revenues</b>	<b>3,405,482</b>	<b>3,405,482</b>
<b>Expenses:</b>		
Program	2,506,386	2,506,386
Management and general	372,381	372,381
Fundraising	10,924	10,924
<b>Total expenses</b>	<b>2,889,691</b>	<b>2,889,691</b>
<b>Increase in net assets before rental activities</b>	515,791	515,791
<b>Rental activities:</b>		
Net loss from rental activities (Note 7)	(53,875)	(53,875)
<b>Increase in net assets</b>	461,916	461,916
Net assets - beginning of the year	1,208,536	1,208,536
<b>Net assets - end of the year</b>	<b>\$ 1,670,452</b>	<b>\$ 1,670,452</b>

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

**STARTING OVER INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended December 31, 2022

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
<b>EXPENSES:</b>				
Salaries and wages	\$ 1,109,068	112,084	\$ -	\$ 1,221,152
Payroll taxes	88,802	8,783	-	97,585
Employee benefits	8,587	46,264	-	54,851
Contract labor	57,418	-	-	57,418
Utilities	53,478	32,881	-	86,359
Program expenses	770,634	-	-	770,634
Insurance	23,532	-	-	23,532
Maintenance and repair	16,590	9,359	-	25,949
Fundraising	-	-	10,924	10,924
Office expense	-	35,982	-	35,982
Telephone	8,801	-	-	8,801
Supplies	5,588	7,889	-	13,477
Depreciation	6,870	-	-	6,870
Gardening	1,380	-	-	1,380
Professional fees	5,150	20,151	-	25,301
Advertising	-	9,860	-	9,860
Computer equipment	-	16,839	-	16,839
ARG	126,024	-	-	126,024
Rent	198,440	-	-	198,440
Travel	7,360	13,922	-	21,282
Other	18,664	9,233	-	27,897
Staff development and training	-	49,134	-	49,134
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total expenses</b>	<b>\$ 2,506,386</b>	<b>\$ 372,381</b>	<b>\$ 10,924</b>	<b>\$ 2,889,691</b>

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

**STARTING OVER INC.**  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2022

<b>Cash flows from operating activities:</b>	
Increase in net assets	\$ 461,916
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>	
Depreciation	44,022
<b>Changes in operating assets and liabilities:</b>	
(Increase) decrease in assets:	
Accounts and grants receivable	(299,592)
Inventory	40,225
Other assets	5,288
Increase (decrease) in liabilities:	
Accounts payable and other liabilities	<u>61,832</u>
<b>Net cash provided by operating activities</b>	<u>313,691</u>
<b>Cash flows from financing activities:</b>	
Net cash used for principal payments on loan	<u>(24,956)</u>
<b>Net cash used by financing activities</b>	<u>(24,956)</u>
<b>Cash flows from investing activities:</b>	
Cash used to pay advance rent	(41,414)
Cash used for security deposits	(10,800)
Cash used to purchase property and equipment	<u>(85,923)</u>
<b>Net cash used by investing activities</b>	<u>(138,137)</u>
<b>Net increase in cash</b>	150,598
Cash and cash equivalents, beginning of the year	<u>821,087</u>
<b>Cash and cash equivalents, end of the year</b>	<u>\$ 971,685</u>
<b>SUPPLEMENTAL DISCLOSURE:</b>	
Cash paid for interest expense	<u>\$ 41,957</u>

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

# STARTING OVER INC.

## NOTES TO FINANCIAL STATEMENTS

### **NOTE 1 - NATURE OF ACTIVITIES**

#### **ORGANIZATION**

Starting Over, Inc. (the "Organization") is a non-profit community and family support center, which was incorporated in California in January 2009. The Organization is one of the most highly regarded family resource centers in Southern California and is known for its development of innovative, practical and effective programs that strengthen families and assist families in giving children a strong start in life. The programs are community based, consumer driven, designed for universal access and have emphasis on prevention rather than crisis intervention. Starting Over, Inc.'s work focuses on lifting children and families out of poverty, protecting them from abuse and neglect and ensuring their access to quality education, healthcare, and supportive, resourceful communities.

The Organization's acclaimed programs serve thousands of fragile families annually with services and activities that range from promoting safe and stable homes, supporting parents' ability to prepare their children for school, facilitating access to quality healthcare, as well as supporting the family's economic success.

The Organization provides the following services:

- a. Transitional and Supportive Housing
- b. Peer Support
- c. Women with Children Housing and Case Management
- d. Civic Engagement
- e. Community Organizing
- f. Legal Services
- g. Education
- h. Employment Services-(readiness, retention and placement)

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **BASIS OF PRESENTATION**

The accompanying financial statements are prepared on the accrual basis in accordance with the AICPA's Audit and Accounting Guide, "Not-for-Profit Organizations" which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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

These notes are an integral part of the preceding financial statements.

## STARTING OVER INC.

### NOTES TO FINANCIAL STATEMENTS

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued**

Net assets with Donor Restrictions - Net assets 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 are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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. The Organization had no net assets with donor restriction at December 31, 2022.

#### **ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management estimates and assumptions that could affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **CASH AND CASH EQUIVALENTS**

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### **FUNCTIONAL EXPENSES**

The cost of providing various programs and other activities have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### **INCOME TAXES**

The Organization is a not-for-profit organization that is exempt from Federal and state income taxes under the Internal Revenue Code Section 501(c) (3) and the California State Revenue and Taxation Code 23701 (d) except on net income derived from unrelated business activities. The Organization's management believes that it has support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's Forms 990, Return of Organization Exempt from Income Tax for the years ending December 31, 2022, 2021, 2020 and 2019 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

These notes are an integral part of the preceding financial statements.

**STARTING OVER INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2022 consisted of the following:

<u>Description</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Land	\$ 280,100	\$ -0-	\$ 280,100
Office furniture and equip.	24,423	(1,745)	22,678
Vehicle	61,500	(5,125)	56,375
Building	<u>1,120,400</u>	<u>(49,920)</u>	<u>1,070,480</u>
Net property and equipment	\$ <u>1,486,423</u>	\$ <u>(56,790)</u>	\$ <u>1,429,633</u>

Depreciation expense for the year ended December 31, 2022 was \$44,022.

**NOTE 4 - MORTGAGE LOAN PAYABLE**

The Organization entered into a \$1,050,000 loan agreement dated September 13, 2021 to purchase land and building located at 6355 Riverside Avenue, Riverside, California. The loan is secured by a deed of trust on the real property. The terms of the loan require monthly principal and interest payments over 119 months and one balloon payment for the balance due on October 1, 2031. The interest rate on this loan is 4%.

Future principal maturities under the loan are listed below.

<u>Year ended December 31,</u>	<u>Amount</u>
2023	\$ 26,152
2024	27,218
2025	28,327
2026	29,481
2027	30,682
Thereafter	<u>879,142</u>
Total	\$ <u>1,021,002</u>

These notes are an integral part of the preceding financial statements.

## STARTING OVER INC.

### NOTES TO FINANCIAL STATEMENTS

#### **NOTE 5 - RELATED PARTY NOTES PAYABLE**

The following related party transactions occurred during the year ended December 31, 2022:

Rent paid to a company owned by the Executive Director	\$ <u>90,000</u>
Rent paid to a company owned by the Board Treasurer	\$ <u>34,800</u>

#### **NOTE 6 - CONCENTRATION OF CREDIT RISK**

The Organization maintains bank accounts at various banks. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Total cash exceeded the federally insured limits by approximately \$574,000 as of December 31, 2022.

#### **NOTE 7 - RENTAL ACTIVITIES**

The details of the rental activities for the year ended December 31, 2022 are as follows:

<u>Description</u>	<u>Amount</u>
<b>Income:</b>	
Rental income	\$ <u>31,978</u>
Total rental income	<u>31,978</u>
<b>Expenses:</b>	
Depreciation	37,152
Interest expense	41,957
Property taxes	<u>6,744</u>
Total expenses	<u>85,853</u>
Net loss	\$ <u>(53,875)</u>

These notes are an integral part of the preceding financial statements.

## **STARTING OVER INC.**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 8 - SUBSEQUENT EVENTS**

The Organization's management has evaluated subsequent events for the period from December 31, 2022 through September 14, 2023, the date the financial statements were available to be issued. Management did not identify any transactions that require disclosure or that would have an impact on the financial statements.