

SOCIAL SCIENCE SERVICES, INC.
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Social Science Services, Inc.
Bloomington, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Social Science Services, Inc. (the Organization) (a California corporation), 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 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023 the Organization adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 and *Government 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 GAAS and *Government Auditing Standards*, we:

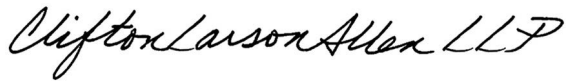
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 Social Science Services, 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.

Board of Directors
Social Science Services, Inc.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2024, on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
February 15, 2024

FINANCIAL SECTION

SOCIAL SCIENCE SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 3,908,023
Accounts Receivable	1,241,505
Prepaid Expenses	158,100
Total Current Assets	5,307,628

NONCURRENT ASSETS

Operating ROU Asset	2,969,283
Capital Assets - Net of Accumulated Depreciation	2,787,906
Total Noncurrent Assets	5,757,189

Total Assets	\$ 11,064,817
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 2,407,374
Accrued Expenses and Other Liabilities	395,353
Current Lease Liability - Operating	911,044
Note Payable, Current	17,457
Total Current Liabilities	3,731,228

NONCURRENT LIABILITIES

Note Payable	826,682
Long-Term Lease Liability - Operating	2,086,549
Total Noncurrent Liabilities	2,913,231

Total Liabilities	6,644,459
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NET ASSETS

Net Assets Without Donor Restrictions	4,412,643
Net Assets With Donor Restrictions	7,715
Total Net Assets	4,420,358

Total Liabilities and Net Assets	\$ 11,064,817
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See accompanying Notes to Financial Statements.

SOCIAL SCIENCE SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Public Support:			
Substance Rehabilitation Service			
Contracts and Grants	\$ 9,863,748	\$ -	\$ 9,863,748
Contributions	365,624	-	365,624
Total Public Support	10,229,372	-	10,229,372
Private Pay	99,165	77,009	176,174
Other Revenue	8,909	-	8,909
Net Assets Released	106,915	(106,915)	-
Total Public Support, Revenues, and Gains	10,444,361	(29,906)	10,414,455
 EXPENSES AND LOSSES			
Program Services Expense	8,317,723	-	8,317,723
Management and General	1,501,374	-	1,501,374
Fundraising	47,106	-	47,106
Total Expenses	9,866,204	-	9,866,204
 CHANGE IN NET ASSETS	578,157	(29,906)	548,251
Net Assets - Beginning of Year	3,834,486	37,621	3,872,107
 NET ASSETS - END OF YEAR	\$ 4,412,643	\$ 7,715	\$ 4,420,358

See accompanying Notes to Financial Statements.

SOCIAL SCIENCE SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services									Management and General	Fundraising	Total
	Residential	Withdrawal Management	Sober Living	Maple House	DUI Program	Outpatient	Arlington	Sobering Center	Total			
Salaries and Payroll Fees	\$ 2,900,236	\$ 420,737	\$ 22,339	\$ 400,084	\$ 71,004	\$ 177,444	\$ 576,559	\$ 146,935	\$ 4,715,338	\$ 837,391	\$ 3,627	\$ 5,556,356
Payroll Taxes	228,657	33,127	1,710	32,783	5,492	14,270	49,158	13,567	378,763	61,373	300	440,437
Employee Benefits	373,550	62,749	3,393	42,580	7,574	26,270	36,626	12,366	565,107	108,699	111	673,917
Contract Labor	42,954	83,306	-	2,479	-	3,510	17,787	-	150,035	13,574	20,582	184,191
Legal and Professional Fees	22,545	4,254	348	2,817	837	1,406	-	-	32,206	6,560	-	38,765
Housekeeping Supplies	31,942	2,634	933	5,453	428	967	5,074	365	47,796	1,957	-	49,753
Rent	-	-	-	-	-	-	429,685	57,321	487,006	-	-	487,006
Equipment Lease	12,810	1,244	92	2,017	265	465	4,891	1,405	23,189	30,481	-	53,671
Telephone	68,455	10,263	1,275	5,422	1,513	3,633	6,361	935	97,857	21,811	-	119,668
Travel and Seminars	19,731	2,477	73	2,746	379	1,042	5,536	1,595	33,578	46,335	487	80,400
Insurance	41,503	4,593	630	4,724	693	1,968	5,213	1,538	60,862	25,225	-	86,087
Medical Exams and Drugs	58,051	16,762	-	7,419	-	7,643	13,513	3,580	106,968	183,222	-	290,190
Kitchen	395,980	32,874	20,686	23,430	-	-	38,484	4,088	515,541	2,678	-	518,218
Program Fees	26,630	3,650	12,542	3,037	2,932	2,206	22,610	622	74,229	1,005	500	75,734
Administration	108,428	16,129	448	11,649	5,904	9,092	40,491	9,876	202,017	63,904	1,188	267,109
Maintenance and Occupancy	357,224	23,042	14,696	50,827	2,208	8,882	5,212	1,564	463,655	27,351	-	491,006
Dues and Subscriptions	9,878	489	224	713	155	298	329	-	12,085	25,310	2,049	39,444
Advertising	-	-	-	-	4,590	-	-	-	4,590	12,082	-	16,672
Laundry	15,138	1,265	217	1,787	-	-	381	229	19,018	101	-	19,119
Client Activities and Services	81,475	2,344	426	6,732	6	2,708	27,740	3,244	124,675	13,714	278	138,666
Other	-	-	-	-	-	-	-	-	-	3,150	17,984	21,134
Total Expenses by Function	<u>4,795,185</u>	<u>721,938</u>	<u>80,031</u>	<u>606,699</u>	<u>103,980</u>	<u>261,804</u>	<u>1,285,649</u>	<u>259,229</u>	<u>8,114,515</u>	<u>1,485,921</u>	<u>47,106</u>	<u>9,647,542</u>
Interest	28,605	2,306	6,826	904	280	725	-	-	39,646	6,874	-	46,519
Depreciation	107,988	20,928	2,823	15,695	2,655	9,984	1,442	2,046	163,562	8,580	-	172,142
Total Expenses	<u>\$ 4,931,778</u>	<u>\$ 745,172</u>	<u>\$ 89,680</u>	<u>\$ 623,298</u>	<u>\$ 106,916</u>	<u>\$ 272,513</u>	<u>\$ 1,287,091</u>	<u>\$ 261,275</u>	<u>\$ 8,317,723</u>	<u>\$ 1,501,374</u>	<u>\$ 47,106</u>	<u>\$ 9,866,204</u>

See accompanying Notes to Financial Statements.

SOCIAL SCIENCE SERVICES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customer and Users	\$ 9,990,390
Contributions form Donors and Grants	365,624
Payments to Employees	(6,755,690)
Payments to Vendors and Suppliers	(2,020,426)
Interest Paid	(46,519)
Net Cash Provided by Operating Activities	1,533,379

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Capital Assets	(444,985)
Loss on Disposal of Capital Assets	5,001
Net Cash Used by Investing Activities	(439,984)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal Payments on Long-Term Debt	(16,453)
Net Cash Used by Financing Activities	(16,453)

NET INCREASE IN CASH AND CASH EQUIVALENTS

1,076,942

Cash and Cash Equivalents - Beginning of Year

2,831,081

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 3,908,023

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Change in Net Assets	\$ 548,251
Adjustments to Reconcile Change in Net Assets to	
Depreciation and Amortization	172,142
Changes in Assets:	
Accounts Receivable	(58,441)
Prepaid Expenses	(32,291)
Change in Liabilities:	
Accounts Payable	804,507
Accrued Expense	99,211
Net Cash Provided by Operating Activities	\$ 1,533,379

See accompanying Notes to Financial Statements.

SOCIAL SCIENCE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Social Science Services, Inc. (the Organization), is a nonprofit corporation formed in 1973 that provides drug and alcohol recovery programs.

Riverside Substance Use Disorder Treatment – Clients are referred by Riverside University Health System (RUHS), Substance Use Community Access, Referral, Evaluation, and Support (SU CARES) Line. Through contractual agreement, clients are accepted into treatment from 7 to 120 days dependent upon meeting medical necessity. All clients are assessed for level of care through a screening tool and treatment addresses problems with addiction through group education, processing and individual sessions with registered or certified counselors.

San Bernardino Substance Use Disorder Treatment and Co-Occurring – Clients are referred by Substance Use Disorder and Recovery Services (SUDRS), Screening Assessment and Referral Center (SARC). Through contractual agreement, clients are accepted into treatment from 7 to 120 days dependent upon meeting medical necessity. All clients are assessed for level of care through a screening tool and treatment addresses problems with addiction through group education, processing and individual sessions with registered or certified counselors.

San Bernardino and Children and Family Services Outpatient Treatment – Clients are either self-referred or referred by Children and Family Services. Through contractual agreements, clients are accepted into outpatient treatment up to six months dependent upon meeting medical necessity. All clients are assessed for level of care through a screening tool and treatment addresses problems with addiction through group education, processing and individual sessions with registered or certified counselors.

Private Pay – Through insurance and cash payment, clients are able to receive drug and alcohol treatment. Fees are determined by per diem costs for services such as medical, counseling, housing, and meals.

Drinking Driver Program – The fee for service program is provided to educate and counsel men and women who have been referred by the courts as a result of police arrest for driving under the influence of alcohol and or drugs.

Transitional Housing – This is a fee for service program. Clients are referred by various agencies through contractual agreements spaces for housing are provided to transitional aged youth (ages 18 to 25). We provide housing/room and board where residents work towards self-sufficiency.

Sober Living – This is a fee for service program. Clients are referred by various agencies and through contractual agreements spaces for housing are provided to male adults recovering from a substance use disorder who are in need of a structured environment. We provide housing/room and board where residents work towards self-sufficiency.

SOCIAL SCIENCE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Preparation

The following is a summary of the significant accounting policies of Social Science Services, Inc., and is presented to assist in understanding the financial statements. The financial statements and integral notes are representations of the members of the board of directors, who are responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. GAAP.

Functional Allocation of Expenses

The costs of providing various programs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and activities. Building related expenses are allocated by bed days or square footage. Food and related expenses are also allocated based on bed days. Payroll and related expenses and other administrative expenses are allocated based on actual salaries per program.

Cash and Cash Equivalents

Cash and cash equivalents are considered all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes. Cash and highly liquid financial instruments restricted to building projects or other long-term purposes are excluded from this definition.

Accounts Receivable

Accounts receivable consist primarily of grant amounts due from county agencies under a reimbursement payment system. Management has recorded these amounts at expected realizable value.

Noninterest-bearing amounts due for services from private payors are recorded at billed amounts. Management has not established a reserve for uncollectible accounts based on historical experience of collections.

Property and Equipment

Property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation are capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 50 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

SOCIAL SCIENCE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

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. Drinking Driver Program receipts are considered restricted because they must be used only to provide court mandated education until such time as the agency mandates an expenditure from the residual balance.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability of the Organization. The entire uncompensated absences liability is reported on the statement of financial position. Employees of the Organization are paid for hours accrued based upon board-approved schedules. Sick leave is accumulated based on full-time or part-time status which are available for use on the first day following 90 days of employment.

Revenue Recognition

Government Grants – A significant portion of the Organization's revenue is derived from cost-reimbursable contracts and grants with local governmental agencies, 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 of grant provisions. Government grants include San Bernardino County grants and Riverside County grants on the statement of activities.

Program Service Fees – Program service fees are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services to their program participants. These amounts are due from clients, third-party payors (including health insurers and government agencies), and others. Generally, the Organization bills the participants and third-party payors monthly after the services are performed and/or participant is discharged from the program. Revenue is recognized at the point in time where performance obligations are satisfied. Program service fees include Drinking Under the Influence program on the statement of activities.

SOCIAL SCIENCE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions – 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 met. Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift.

Leases

Social Sciences leases certain office space and equipment. Social Sciences determines if an arrangement is a lease at inception. Operating leases with lease terms in excess of twelve months are included in operating lease right-of-use (ROU) assets, and operating lease liabilities on the statement of financial position.

ROU assets represent Social Sciences' right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The lease does not provide an implicit rate and therefore, Social Sciences uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that Social Sciences will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management 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 reporting period. Accordingly, actual results may differ from those estimates.

Income Taxes

The Organization is a nonprofit organization that is tax exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23401 of the California tax code classified by the Internal Revenue Service as other than a private foundation within the meaning of Section 509(a) of the IRC.

The Organization has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to the Organizations continued qualification as a tax-exempt organization and whether there are unrelated business income activities conducted that would be taxable.

SOCIAL SCIENCE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued)

The Organization does not engage in any unrelated trade or business, as such management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The Organization files information returns in the U.S. federal jurisdiction and the state of California.

Subsequent Events

The Organization has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the statement of financial position date through February 15, 2024, which is the date the financial statements were available to be issued and the report date.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, Leases (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Social Sciences adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption. Social Sciences has elected to adopt the package of practical expedients available in the year of adoption.

As a result of the adoption of the new lease accounting guidance, Social Sciences recognized on July 1, 2022 a lease liability which represents the present value of the remaining operating lease payments of \$2,997,593, discounted using the Company's incremental borrowing rate of 3%, and a right-of-use asset of \$2,969,283

The standard had a material impact on the balance sheets but did not have a material impact on the income statements, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

SOCIAL SCIENCE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 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:

Cash and Cash Equivalents	\$ 3,908,023
Accounts Receivable	1,241,505
Net Assets with Restrictions	<u>(7,715)</u>
Total	<u><u>\$ 5,141,813</u></u>

As part of the Organization's liquidity management plan, the Organization invests its cash in excess of daily requirements in interest bearing accounts.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable was as follows for the year ended June 30, 2023:

San Bernardino County	\$ 969,263
Other	<u>272,242</u>
Total	<u><u>\$ 1,241,505</u></u>

NOTE 4 FIXED ASSETS

Fixed assets was as follows for the year ended June 30, 2023:

Land	\$ 1,084,900
Buildings	1,325,000
Leasehold Improvements	1,696,690
Equipment and Fixtures	724,116
Vehicles	141,076
Apple Valley Residence	<u>70,864</u>
Total Property and Equipment	5,042,646
Less: Accumulated Depreciation	(2,292,040)
Construction in Progress	<u>37,300</u>
Total	<u><u>\$ 2,787,906</u></u>

Depreciation for the fiscal year ended June 30, 2023 was \$172,142.

SOCIAL SCIENCE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 LEASES – ASC 842

As described in Note 1, Social Sciences adopted the requirements of the guidance effective July 1, 2022.

Social Sciences leases equipment and certain office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2026 and may provide for renewal options. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provides quantitative information concerning Social Sciences' leases.

Lease Cost	
Operating lease cost	\$ 505,316
Other Information	
Operating cash flows from operating leases	\$ 487,006
operating lease liabilities:	3,425,793
Weighted-average remaining lease term - finance leases	N/A
Weighted-average remaining lease term - operating leases	3.3 years
Weighted-average discount rate - finance leases	N/A
Weighted-average discount rate - operating leases	3.00%

Social Sciences classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023, is as follows:

Maturity Analysis

	2024	\$ 988,622
	2025	1,018,280
	2026	1,048,829
	2027	88,694
Undiscounted cash flows		<u>3,144,425</u>
(Less) Imputed interest		<u>(146,832)</u>
Total present value		<u>\$ 2,997,593</u>
Short-term lease liabilities	\$	911,044
Long-term lease liabilities		<u>2,086,549</u>
		<u>\$ 2,997,593</u>

SOCIAL SCIENCE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 ACCRUED EXPENSES

Accrued expenses was as follows for the year ended June 30, 2023:

Vacation	\$ 228,707
Payroll	130,268
Other	36,378
Total	<u>\$ 395,353</u>

NOTE 7 NOTE PAYABLE

On May 17, 2021, the Organization entered into an agreement with a financial institution for a real estate loan under a line of credit with a draw period through June 1, 2022. By June 30, 2022, the Organization had withdrawn the total available of \$865,000 from the line of credit. The loan is secured by the building and land located adjacent to the operating facility in Bloomington, California. The note is payable over ten years in payments of \$5,270 per month including interest at 5.375%, commencing December 1, 2022, with all remaining interest and principal due in June 2031. The outstanding loan balance includes loan origination fees which are being amortized over the life of the loan.

Future payments under this loan are as follows:

<u>Year Ending June 30,</u>	
2024	\$ 17,536
2025	18,642
2026	19,684
2027	20,784
2028	21,830
Thereafter	<u>745,663</u>
Total	844,139
Less: Current Portion	<u>17,457</u>
Total Long-Term Debt	<u>\$ 826,682</u>

SOCIAL SCIENCE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents with two major financial institutions. The accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2023, the Organization had \$4,028,730 in excess of the FDIC insured limit. The Organization has not experienced any losses in these accounts and management believes it is not exposed to significant risk in these accounts.

During the year ended June 30, 2023, the contracts with the County of San Bernardino amounted to 46.25% of all revenue. If the county budget should change, loss of this revenue could severely impair the Organization's ability to sustain operations.

During the year ended June 30, 2023, the contracts with the County of Riverside amounted to 48.46% of all revenue. If the county budget should change, loss of this revenue could severely impair the Organization's ability to sustain operations.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Grant Funding

The Organization has received state and federal funds for specific purposes, which are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material or has been accrued in the financial statements.

Litigation

The Organization is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Organization's financial statements.

OTHER INDEPENDENT AUDITORS' REPORT



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Social Science Services, Inc.
Bloomington, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Social Science Services, Inc. (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, and have issued our report thereon dated February 15, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
February 15, 2024

FINDINGS AND RESPONSES

**SOCIAL SCIENCE SERVICES, INC.
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2023**

There were no findings related to the basic financial statements for the year ended June 30, 2023.

**SOCIAL SCIENCE SERVICES, INC.
STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2023**

There were no findings related to the basic financial statements for the year ended June 30, 2022.



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