

TRINITY CENTER WALNUT CREEK

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021



TRINITY CENTER WALNUT CREEK

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Trinity Center Walnut Creek

We have reviewed the accompanying financial statements of Trinity Center Walnut Creek (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to the Center's financial data and making inquiries of the Center's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Trinity Center Walnut Creek and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

February 6, 2023

A handwritten signature in blue ink that reads 'Perotti & Carrade'.

Perotti & Carrade | Certified Public Accountants

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TRINITY CENTER WALNUT CREEK
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current Assets:			
Cash and cash equivalents		\$ 1,014,481	\$ 904,528
Grants and contributions receivable		268,146	169,456
Other current assets		8,389	-
Total current assets		<u>1,291,016</u>	<u>1,073,984</u>
Property:			
Furniture and equipment		57,254	57,254
Vehicle		5,585	5,585
Total		<u>62,839</u>	<u>62,839</u>
Less: accumulated depreciation		<u>35,512</u>	<u>24,340</u>
Property - net		<u>27,327</u>	<u>38,499</u>
Total Assets		<u>\$ 1,318,343</u>	<u>\$ 1,112,483</u>

LIABILITIES AND NET ASSETS

Current Liabilities:			
Accounts payable and accrued expenses		\$ 41,665	\$ 16,090
Accrued vacation		32,249	-
Grant advance		-	65,371
Total current liabilities		<u>73,914</u>	<u>81,461</u>
Net Assets:			
Without donor restrictions		999,757	964,355
With donor restrictions		244,672	66,667
Total net assets		<u>1,244,429</u>	<u>1,031,022</u>
Total Liabilities and Net Assets		<u>\$ 1,318,343</u>	<u>\$ 1,112,483</u>

See accompanying notes and independent accountants' review report.

TRINITY CENTER WALNUT CREEK
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Changes in Net Assets Without Donor Restrictions		
Revenues:		
Fundraising events:		
Special event revenue	\$ 117,091	\$ 89,690
Less: costs of direct benefits to donors	<u>(18,447)</u>	<u>(9,766)</u>
Net revenues from special events	98,644	79,924
Donations and grants	1,138,798	1,355,388
Contributed nonfinancial assets	129,600	198,300
Loan forgiveness	-	140,310
Release from restrictions	<u>40,000</u>	<u>13,333</u>
Total revenues	<u>1,407,042</u>	<u>1,787,255</u>
Expenses:		
Program services	1,107,290	982,942
General and administrative	117,606	90,278
Development	<u>146,744</u>	<u>147,535</u>
Total expenses	<u>1,371,640</u>	<u>1,220,755</u>
Changes in Net Assets Without Donor Restrictions	<u>35,402</u>	<u>566,500</u>
Changes in Net Assets With Donor Restrictions		
Donations and grants	218,005	80,000
Release from restrictions	<u>(40,000)</u>	<u>(13,333)</u>
Changes in Net Assets With Donor Restrictions	<u>178,005</u>	<u>66,667</u>
Changes in Net Assets	213,407	633,167
Net Assets at Beginning of Year (Restated)	<u>1,031,022</u>	<u>397,855</u>
Net Assets at End of Year	<u><u>\$ 1,244,429</u></u>	<u><u>\$ 1,031,022</u></u>

See accompanying notes and independent accountants' review report.

TRINITY CENTER WALNUT CREEK
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Program</u>	<u>General and Administrative</u>	<u>Development</u>	<u>Total</u>
Salaries	\$ 612,216	\$ 53,731	\$ 80,918	\$ 746,865
Facilities and equipment	221,057	13,543	20,395	254,995
Payroll taxes and benefits	85,696	7,521	11,327	104,544
Building security	67,868	4,139	6,233	78,240
Professional fees	3,938	13,445	16,758	34,141
Food and supplies	33,680	-	-	33,680
Insurance	23,918	2,100	3,161	29,179
IT and software	23,684	1,637	2,464	27,785
Bank and service charges	17,506	7,766	2,314	27,586
Meals and entertainment	-	-	18,447	18,447
Depreciation	9,158	804	1,210	11,172
Office expenses	1,710	6,130	1,301	9,141
Printing	280	6,349	-	6,629
Telephone	4,937	433	652	6,022
Auto and travel	1,642	8	11	1,661
Total expenses by function	<u>1,107,290</u>	<u>117,606</u>	<u>165,191</u>	<u>1,390,087</u>
Less: expenses included with revenues on the statement of activities				
Costs of direct benefit to donors	<u>-</u>	<u>-</u>	<u>(18,447)</u>	<u>(18,447)</u>
Total expenses included in expense section on the statement of activities	<u>\$ 1,107,290</u>	<u>\$ 117,606</u>	<u>\$ 146,744</u>	<u>\$ 1,371,640</u>

See accompanying notes and independent accountants' review report.

TRINITY CENTER WALNUT CREEK
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program</u>	<u>General and Administrative</u>	<u>Development</u>	<u>Total</u>
Salaries	\$ 553,213	\$ 45,049	\$ 83,669	\$ 681,931
Facilities and equipment	177,078	11,230	21,161	209,469
Payroll taxes and benefits	89,343	6,390	8,544	104,277
IT and software	63,078	5,278	9,944	78,300
Food and supplies	47,033	-	-	47,033
Professional fees	6,595	7,699	17,274	31,568
Insurance	15,791	1,322	2,489	19,602
Building security	14,130	-	-	14,130
Depreciation	9,417	788	1,485	11,690
Meals and entertainment	-	-	9,766	9,766
Telephone	5,543	464	874	6,881
Office expenses	-	4,460	2,095	6,555
Bank and service charges	-	5,803	-	5,803
Printing	1,405	1,795	-	3,200
Auto and travel	316	-	-	316
Total expenses by function	<u>982,942</u>	<u>90,278</u>	<u>157,301</u>	<u>1,230,521</u>
Less: expenses included with revenues on the statement of activities				
Costs of direct benefit to donors	<u>-</u>	<u>-</u>	<u>(9,766)</u>	<u>(9,766)</u>
Total expenses included in expense section on the statement of activities	<u>\$ 982,942</u>	<u>\$ 90,278</u>	<u>\$ 147,535</u>	<u>\$ 1,220,755</u>

See accompanying notes and independent accountants' review report.

TRINITY CENTER WALNUT CREEK
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 213,407	\$ 633,167
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,172	11,690
Loan forgiveness	-	(140,310)
Changes in operating assets and liabilities:		
Grants and contributions receivable	(98,690)	(81,072)
Other current assets	(8,389)	-
Accounts payable and accrued expenses	25,575	10,379
Grant advance	(65,371)	65,371
Accrued vacation	32,249	(26,992)
Net cash provided by operating activities	<u>109,953</u>	<u>472,233</u>
Cash Flows from Investing Activities:		
Additions to property	<u>-</u>	<u>(15,420)</u>
Net cash used for investing activities	<u>-</u>	<u>(15,420)</u>
Net Increase in Cash and Cash Equivalents	109,953	456,813
Cash and Cash Equivalents - Beginning of Year	<u>904,528</u>	<u>447,715</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,014,481</u>	<u>\$ 904,528</u>

See accompanying notes and independent accountants' review report.

TRINITY CENTER WALNUT CREEK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. ORGANIZATION

Trinity Center Walnut Creek (the “Center”) was founded in 2012 as a nonprofit organization providing support for those experiencing homelessness. The Center provides a winter homeless center, case management services, and other services to the homeless of the greater San Francisco Bay Area.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Center have been prepared using the accrual method of accounting. Significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation – The Center reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are board limits resulting from the nature of the Center, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Net assets with donor restrictions are resources that are subject to donor-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, such as those that the donor stipulates that resources be maintained in perpetuity. There are no donor restricted net assets which are required to be maintained in perpetuity.

Cash and Cash Equivalents – Cash and cash equivalents are composed of bank checking and savings accounts.

Contributions – Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions in which the use is limited by the donor are reported as increases in net assets with donor restrictions. Contributions that are restricted or conditioned by the donor are reported as increases in net assets without donor restriction if the restrictions or conditions are satisfied in the fiscal year in which the contributions are recognized. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restrictions are accomplished, net assets with donor restrictions are

TRINITY CENTER WALNUT CREEK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions, continued - reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. During the year ended June 30, 2021, the Center received a program advance of \$125,000 for a new program which has been deemed a conditional grant. As of June 30, 2021, the amount not considered earned of \$65,371 was reflected as a liability on the statement of financial position. There was no similar conditional grant as of June 30, 2022.

Allowance for Doubtful Accounts – An allowance for doubtful accounts reflects management’s best estimate of probable losses inherent in grants and contributions receivable balances. Management primarily determines the allowance based on the aging of grants and contributions receivable balances. Receivables are generally considered past due once a receivable is older than thirty days. It is the Center’s policy to not charge interest on its receivables. Receivables are written off once management has determined the ability to collect is not possible. No allowance was deemed necessary as of June 30, 2022 and 2021.

Advertising Costs – Advertising costs, of \$4,967 and \$3,105, during the years ended June 30, 2022 and 2021, respectively, were are expensed as incurred.

Property and Depreciation – Property consists of furniture and equipment and a vehicle. Depreciation has been calculated using the straight-line method applied over the estimated useful lives of the assets: five years. The Center capitalizes property and equipment acquisitions when their original cost or at time of donation, the fair market value, exceeds \$2,500.

Tax-exempt Status – The Center is exempt from the federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar California statute. In addition, the Internal Revenue Service has determined that the Center is not a private foundation within the meaning of Section 509(a) of the Code. Accordingly, no provision for federal or state income taxes has been recorded. The Center’s informational returns are subject to examination by the Internal Revenue Service and the California Franchise Tax Board, generally for three years and four years, respectively, after they are filed.

Donated Materials and Services - Contributions of securities, materials and facilities are reflected in the accompanying financial statements at their fair value at the date of receipt. Contributions for services are recognized only if such services create or enhance a nonfinancial asset or require specialized skills and are provided by individuals possessing those skills and would typically need to be paid for if not provided by donation. Donated material and services do not include food, clothing and supplies.

TRINITY CENTER WALNUT CREEK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates – Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Functional Allocation of Expenses – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs, including personnel costs, insurance, depreciation, and occupancy, have been allocated among programs and supporting services benefited based upon management's analysis of time and effort spent on the programs and supportive services.

3. LIQUIDITY AND AVAILABILITY

The Center strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The following table reflects the Center's financial assets as of June 30, 2022 and 2021, that are available to meet general expenditures within one year of the statement of financial position date.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,014,481	\$ 904,528
Grants and contributions receivable	268,146	169,456
Less: amounts unavailable for general expenditures within one year	<u>(244,672)</u>	<u>(66,667)</u>
Net financial assets available to meet cash needs for general expenditures within one year	\$ <u>1,037,955</u>	\$ <u>1,007,317</u>

4. LINE OF CREDIT

The Center had a \$50,000 line of credit with a bank, secured by the assets of the Center. The line matured in December 2022. Borrowings bore interest at the prime rate plus 2.00% with a floor of 6.75%. The interest in effect as of June 30, 2022 and 2021 was 6.75%. As of June 30, 2022 and 2021, there were no outstanding balances on the line of credit or borrowings during the years ended June 30, 2022 and 2021. The Center elected to not extend the line.

TRINITY CENTER WALNUT CREEK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

5. NOTE PAYABLE

The Center received \$140,310 under the federal payroll protection program in April 2020. The loan bore interest at a rate of 1% annually with a maturity date of April 2022. The loan permitted no repayment of principal or interest until August 2021. If criteria were met, including having the loan proceeds cover certain eligible costs including wages, benefits, rent and other costs over a twenty-four-week period, up to 100% of the loan and related interest could be forgiven. The Center applied and received full forgiveness during the year ended June 30, 2021. No interest has been recorded as of June 30, 2021 as it has been deemed de minimus.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following programs as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Youth	\$ 150,000	\$ -
Vehicles	35,000	-
General operations	26,667	66,667
Interns	25,000	-
Other	<u>8,005</u>	<u>-</u>
Net assets at end of year with donor restrictions	\$ <u>244,672</u>	\$ <u>66,667</u>

Net assets with donor restrictions were released from donors' restrictions by incurring expenses satisfying the restricted purpose specified by the donors during the years ended June 30, 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
General operations	\$ <u>40,000</u>	\$ <u>13,333</u>

TRINITY CENTER WALNUT CREEK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

7. CONTRIBUTED NONFINANCIAL ASSETS

The entity adopted accounting standard ASU 2020-07 during the year ended June 30, 2022. No restatement was required. The standard required additional disclosures surrounding contributed nonfinancial assets. Contributed nonfinancial assets did not have donor-imposed restrictions, unless otherwise noted. During the years ended June 30, 2022 and 2021, the Center recognized the following nonfinancial assets within revenue on the statement of activities and where such nonfinancial assets are reflected on the statement of functional expenses:

2022				
		General &		
	Programs	Administrative	Development	Total
Facilities	\$ 96,672	\$ 8,088	\$ 15,240	\$ 120,000
IT and software	7,734	647	1,219	9,600
	<u>\$ 104,406</u>	<u>\$ 8,735</u>	<u>\$ 16,459</u>	<u>\$ 129,600</u>

2021				
		General &		
	Programs	Administrative	Development	Total
Facilities	\$ 96,672	\$ 8,088	\$ 15,240	\$ 120,000
IT and software	63,078	5,278	9,944	78,300
	<u>\$ 159,750</u>	<u>\$ 13,366</u>	<u>\$ 25,184</u>	<u>\$ 198,300</u>

Facilities is comprised of the discounted rent the Center receives for the lease of its facility. IT and software is comprised of professional IT services. Contributed facilities is valued and reported based on the estimated fair value of the lease compared to actual required payments at the commencement of the lease. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

8. LEASE COMMITMENTS

The Center executed a lease to rent office space. The lease expires in April 2025. As of June 30, 2022, the future minimum cash lease payments are as follows:

2023	\$ 12,155
2024	12,519
2025	12,831
	<u>\$ 37,505</u>

TRINITY CENTER WALNUT CREEK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

8. LEASE COMMITMENTS (continued)

Total rent expense for the years ended June 30, 2022 and 2021 was \$152,166 and \$141,278, respectively of which donated rent totaled \$120,000 in each year.

9. RETIREMENT PLAN

During the year ended June 30, 2022, the Center enrolled in the retirement plan offered by the State of California, the CalSavers Program. The plan permits employees to make contributes into the plan. There were no employer contributions made into the plan.

10. RISKS AND UNCERTAINTIES

Financial instruments that potentially subject the Center to credit risk include cash on deposit with a financial institution that at times exceed the insurance limit of the Federal Deposit Insurance Corporation ("FDIC").

A substantial portion of the Center's revenue are from local and state grants. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Center's program and activities.

11. RESTATEMENT

The 2021 statement of activities and statement of financial position were restated to reflect a multi-year grant awarded by June 30, 2021. The changes on the previously reported statement of activities and financial position for the year ended June 30, 2021, are as follows:

	Originally Stated	Adjustment	Restated Amount
Statement of Activities:			
Changes in Net Assets Without Donor Restrictions:			
Donations and grants	\$ 1,395,388	\$ (40,000)	\$ 1,355,388
Release from restrictions	\$ -	\$ 13,333	\$ 13,333
Changes in Net Assets With Donor Restrictions:			
Donations and grants	\$ -	\$ 80,000	\$ 80,000
Release from restrictions	\$ -	\$ (13,333)	\$ (13,333)
Net Assets at Beginning of Year (Restated)	991,022	40,000	1,031,022
Statement of Financial Position:			
Net assets at end of year with donor restrictions	\$ -	\$ 66,667	\$ 66,667
Net assets at end of year without donor restrictions	\$ 991,022	\$ (26,667)	\$ 964,355
Grants and contributions receivable	\$ 129,456	\$ 40,000	\$ 169,456

TRINITY CENTER WALNUT CREEK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

12. SUBSEQUENT EVENTS

Management of the Organization has evaluated events and transactions subsequent to June 30, 2022, for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through February 6, 2023, the date the financial statements were available to be issued.