

**INLAND EMPIRE COMMUNITY COLLABORATIVE
(A CALIFORNIA NON-PROFIT CORPORATION)**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

**INLAND EMPIRE COMMUNITY COLLABORATIVE
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FOR THE YEAR ENDED JUNE 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors of
Inland Empire Community Collaborative
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Inland Empire Community Collaborative, 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 accompanying financial statements present fairly, in all material respects, the financial position of Inland Empire Community Collaborative 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). 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 Inland Empire Community Collaborative 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 Inland Empire Community Collaborative's ability to continue as a going concern for one year after the date that the financial statements are 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 Inland Empire Community Collaborative'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 Inland Empire Community Collaborative'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.



William Harris, CPA
License Number #103005
Arcadia, California

January 30, 2024

**INLAND EMPIRE COMMUNITY COLLABORATIVE
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023**

ASSETS

CURRENT ASSETS

Cash	\$	728,544
Accounts Receivable		121,031
Prepaid Expenses		1,448
Total Current Assets		851,023

NONCURRENT ASSETS

Equipments		17,273
Accumulated Depreciation		(14,413)
Total Noncurrent Assets		2,860

TOTAL ASSETS	\$	853,883
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	16,666
Accrued Payroll Liabilities		27,810
Deferred Revenue		570,522
Total Current Liabilities		614,998

Total Liabilities		614,998
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NET ASSETS

Net Assets Without Donor Restrictions		238,885
Total Net Assets		238,885

TOTAL LIABILITIES AND NET ASSETS	\$	853,883
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See Auditor's Report and Notes to Financial Statements

**INLAND EMPIRE COMMUNITY COLLABORATIVE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE & SUPPORT			
Grants	\$ 717,592	\$ -	\$ 717,592
In-Kind Contributions	117,684	-	117,684
Program Revenue	20,896	-	20,896
Donations	2,328	-	2,328
Total Revenue & Support	<u>858,500</u>	<u>-</u>	<u>858,500</u>
OPERATING EXPENSE			
Program Services	644,077	-	644,077
Management & General	85,968	-	85,968
Total Operating Expenses	<u>730,045</u>	<u>-</u>	<u>730,045</u>
CHANGE IN NET ASSETS	128,455	-	128,455
NET ASSETS – Beginning of the Year	<u>110,430</u>	<u>-</u>	<u>110,430</u>
NET ASSETS – End of the Year	<u>\$ 238,885</u>	<u>\$ -</u>	<u>\$ 238,885</u>

See Auditor's Report and Notes to Financial Statements

**INLAND EMPIRE COMMUNITY COLLABORATIVE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Program Activities</u>	<u>Supporting Activities</u>	<u>Total Expense</u>
	<u>CBA & Technical Assistance</u>	<u>Management & General</u>	
OPERATING EXPENSE			
Salaries & Wages	\$ 263,922	\$ 46,575	\$ 310,497
Payroll Taxes	21,309	3,760	25,069
Employee Benefits	14,803	2,612	17,415
Worker's Compensation Insurance	2,802	494	3,296
Accounting	28,373	5,007	33,380
Advertising & Promotion	1,064	-	1,064
Contract Services	65,071	11,483	76,554
Dues & Subscriptions	1,916	338	2,254
Events	5,108	901	6,009
In-Kind Advertising & Software	117,684	-	117,684
Insurance	2,599	459	3,058
License & Permits	344	61	405
Meals	2,017	356	2,373
Office Expenses	21,967	3,876	25,843
Program Expense	3,160	-	3,160
Rent	17,265	3,047	20,312
Seminars & Training	21,151	3,733	24,884
Supplies	3,443	607	4,050
Stipends	35,010	-	35,010
Storage	1,155	204	1,359
Travel	13,914	2,455	16,369
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TOTAL OPERATING EXPENSE	\$ 644,077	\$ 85,968	\$ 730,045

See Auditor's Report and Notes to Financial Statements

**INLAND EMPIRE COMMUNITY COLLABORATIVE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

CASH FROM OPERATING ACTIVITIES:

Change in Net Assets	\$	128,455
Adjustments to Reconcile Change in Net Assets to Net Cash Provided / (Used) by Operating Activities:		
Change in Accounts Receivable		3,850
Change in Prepaid Expenses		(700)
Change in Accounts Payable		(11,571)
Change in Accrued Payroll Liabilities		960
Change in Deferred Revenue		17,698
Net Cash Provided / (Used) by Operating Activities:		138,692

CASH FROM INVESTING ACTIVITIES:

None		-
Net Cash Provided / (Used) by Investing Activities:		-

CASH FROM FINANCING ACTIVITIES:

None		-
Net Cash Provided / (Used) by Financing Activities:		-

NET INCREASE / (DECREASE) IN CASH		138,692
CASH – Beginning of the Year		589,852
CASH – Ending of the Year	\$	728,544

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Interest Paid	\$	-
Taxes Paid	\$	-

See Auditor's Report and Notes to Financial Statements

**INLAND EMPIRE COMMUNITY COLLABORATIVE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 **NATURE OF OPERATIONS**

Inland Empire Community Collaborative (the Organization) was formed in 2016 as a California 501(c)(3) nonprofit corporation exempt from federal and state income taxes. The Organization's purpose is to make a collective impact in its related communities through collaboration, leveraging and development of resources by showcasing the learning and innovations that result from collaboration. To accomplish its purpose and create a lasting legacy for its nonprofit members, the Organization empowers its members by providing capacity building strategies and technical resources needed to become innovative and sustainable. The Organization's support comes primarily from private contributions, foundations, in-kind support from various organizations, and grants from the County of San Bernardino.

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, the net assets of the Organization and changes therein are classified as follows:

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. The Organization's Board of Directors may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**INLAND EMPIRE COMMUNITY COLLABORATIVE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements are the reported amounts of revenues and expenses during the reported time. Actual results could differ from those activities.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Nonoperating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. If excess funds are available, the Organization places its temporary cash investments with high-credit, quality financial institutions. At times during the year, the Organization maintains cash balances in excess of the FDIC-insurance limits. The Organization has not incurred losses related to these investments and management believes it is not exposed to any significant credit risk on cash.

Accounts Receivable

Contributions, grants, and cost reimbursement contracts are stated at the amount management expects to collect from outstanding balances. Accounts receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The accounts receivable balance for the year ended June 30, 2023 was \$121,031.

**INLAND EMPIRE COMMUNITY COLLABORATIVE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Doubtful Accounts

Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Based on management's evaluation, the Organization believes that an allowance for doubtful accounts is not considered necessary as of June 30, 2023.

Property and Equipment

Property and equipment are recorded at cost. The Organization's policy is to capitalize assets with a cost of \$5,000 or more, and with estimated useful lives in excess of one year.

Expenditures for major renewal and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved, and any gain or loss is included in the statement of activities as a change in restricted or unrestricted net assets, as appropriate.

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. The cost of leasehold improvements is depreciated (amortized) over the lesser of the lengths of the related leases or the estimated useful lives of the assets. Depreciation expense is computed using the straight-line method over the respective estimated useful lives of assets, as follows:

Equipment	5 years
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Deferred Revenues

Deferred revenue represents a conditional grant or other funds received for services to be performed by the Organization, which have not yet been provided under the terms of the agreements. The Organization recognizes these amounts as grants income when such services have been performed or the condition has been met and/or funds expended. Deferred revenue as of June 30, 2023 consists primarily of corporate and state grants.

**INLAND EMPIRE COMMUNITY COLLABORATIVE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition

The Organization adopted ASU No. 2018-08, *Not-For-Profit Entities (Topic 958) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The guidance helps distinguish if grants and contracts with resource providers are exchange transactions or contributions. Once a transaction is deemed to be a contribution, the ASU also provides guidance to help determine when a contribution is conditional and evaluates the possibility that a condition will not be met is remote. Unconditional contributions are recognized immediately and classified as either net assets with or without donor restrictions, while conditional contributions received are accounted for a liability until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with or without restrictions.

Under ASU 2018-08, revenue from grants and contracts are considered contributions because the resource provider does not receive commensurate value for the consideration received by the Organization. The resource provider receives value indirectly through societal benefits. The Organization's revenue is generated through the performance of services for government and corporate entities under various contracts for which they are paid a fixed fee or on a cost-reimbursement basis. Revenue is recognized when the Organization has overcome the right of return/release and barriers which entitle it to the assets. Accounts receivables are recorded when revenue earned under a contract exceeds the cash received.

In-Kind Donations

According to accounting principles generally accepted in the United States of America, donated services are recognized as in-kind support only if those donated services create or enhance non-financial assets, or which require specialized skills such that the Organization would otherwise have paid for. The donated advertising and software for the year ended June 30, 2023 was \$111,459 and \$6,225, respectively, which is included as revenue from in-kind contributions in the statement of activities and expenses in the statement of functional expenses.

Advertising Costs

The cost of advertising is expensed when incurred or when the first advertising takes place. The Organization does not participate in direct-response advertising, which requires the capitalization and amortization of related costs.

**INLAND EMPIRE COMMUNITY COLLABORATIVE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Classification of Expenses

The Organization reports its expenses on a functional basis. Expenses that can be specifically identified as program services or management and general or fundraising are charged directly to that classification. Other expenses that are common to both classifications are allocated based on various relationships.

The expenses that are allocated including the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and Benefits	Time and Effort
Training and Education	Time and Effort
Occupancy	Time and Effort
Office and Administration	Time and Effort
Professional	Full Time Equivalent
Other	Time and Effort

Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c) (3) and California Revenue and Taxation Code Section 23701 (d). Accordingly, no provision for income taxes has been made in these financial statements.

The Organization's Returns of Organization Exempt from Income Tax for the years ended, June 30, 2023, 2022, 2021, and 2020 are subject to examination by the Internal Revenue Service and state taxing authorities, generally three to four years after the returns were filed. The Organization believes it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

Lease Accounting Standards

On July 1, 2022, the Organization adopted ASU 2020-05, *Leases (Topic 842)*. The ASU changed the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. The Organization elected to apply the ASU at the beginning of the period using a modified retrospective approach. There was no impact to net assets upon adoption of *Topic 842*.

**INLAND EMPIRE COMMUNITY COLLABORATIVE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 3 LIQUIDITY

The Organization's financial assets available within one year of the Statement of Financial Position date for general expenditure are as follows:

Cash and cash equivalents	\$ 728,544
Accounts receivable	<u>121,031</u>
 Total	 <u><u>\$ 849,575</u></u>

The Organization's financial assets are all available for general use as of June 30, 2023. The Organization does not have any investment accounts.

NOTE 4 PROPERTY AND EQUIPMENT

Property and Equipment consisted of the following at June 30, 2023:

Equipment	\$ 17,273
Accumulated depreciation	<u>(14,413)</u>
 Total	 <u><u>\$ 2,860</u></u>

There was no depreciation expense for the year ended June 30, 2023.

NOTE 5 DEFERRED REVENUES

Deferred revenues for grants received represent amounts collected from, or invoiced to, grantors in advance of revenue recognition. The deferred revenue will be recognized over the life of the grant period as the services are provided and/or costs are incurred. As of June 30, 2023, the deferred revenue was \$570,522.

NOTE 6 LEASE COMMITMENTS

The Organization leases two office spaces within the same building in San Bernardino, California. One lease is set to expire within one year with an option to renew, and another lease is a month-to-month agreement.

**INLAND EMPIRE COMMUNITY COLLABORATIVE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 6 **LEASE COMMITMENTS (Continued)**

As disclosed in Note 2, the Organization adopted FASB ASC 842 on July 1, 2022, which required the recognition of right-of-use assets and lease liabilities in its statement of financial position. As a practical expedient under *Topic 842*, the Organization elected to apply the short-term lease exception to all leases with a term of one year or less. The short-term lease costs do not reflect the Organization's ongoing short-term lease commitments. As a result, no right-of-use asset or liability was recorded for the year ended June 30, 2023.

Rent expense for the year ended June 30, 2023 was \$20,312.

NOTE 7 **COMMITMENTS & CONTINGENCIES**

Grants & Contracts

The Organization's grants and contracts are subject to inspection and audit by the appropriate private and governmental funding agencies. The purpose is to determine whether the program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these audits cannot be reasonably estimated and, accordingly, the Organization has no provisions for the possible disallowance of program costs on its financial statements.

NOTE 8 **SUBSEQUENT EVENTS**

Events subsequent to June 30, 2023 have been evaluated through January 30, 2024, the date at which the financial statements were available to be issued. The Organization is not aware of any material subsequent events which would require recognition or disclosure in the accompanying financial statements.