

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

***INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS AS OF
AS OF DECEMBER 31, 2023***

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

Table of contents

	<u>Page</u>
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
 Supplementary Information Section Required by Government Auditing Standards	
Independent auditor's 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	15

JEFFREY A. HILL CPA, INC.

19602 Fariman Drive, Carson, CA 90746 • Phone: (310) 749-1014

To the Board of Directors
Starting Over, Inc.
Riverside, 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, 2023, 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, 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; 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 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.

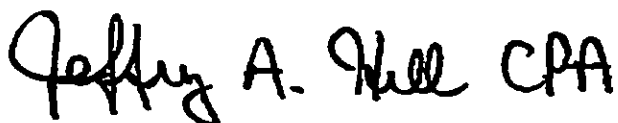
Auditor's Responsibilities for the Audit of the Financial Statements

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 and *Government 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 and *Government 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
November 8, 2024

STARTING OVER INC.
STATEMENT OF FINANCIAL POSITION
At December 31, 2023

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 2,037,989
Accounts and grants receivable	121,666
Inventory	<u>14,230</u>
Total current assets	<u><u>2,173,885</u></u>

PROPERTY AND EQUIPMENT:

Building (Note 3)	1,120,400
Office furniture and equipment (Note 3)	106,609
Vehicles (Note 3)	114,501
Land (Note 3)	<u>280,100</u>
Total property and equipment	1,621,610
Less: accumulated depreciation (Note 3)	<u>(129,528)</u>
Net property and equipment	<u><u>1,492,082</u></u>

Total assets	\$ <u><u>3,665,967</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and other liabilities	\$ 143,514
Loan payable-current portion (Note 4)	<u>27,218</u>
Total current liabilities	<u><u>170,732</u></u>

LONG-TERM LIABILITIES:

Loan payable-net of current portion (Note 4)	<u>967,804</u>
Total liabilities	<u><u>1,138,536</u></u>

NET ASSETS:

Without donor restrictions	<u>2,527,431</u>
Total net assets	<u><u>2,527,431</u></u>

Total liabilities and net assets	\$ <u><u>3,665,967</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, 2023

	Without donor restrictions	Total
Revenues:		
Grants and contributions	\$ 4,285,831	\$ 4,285,831
Program services	486,771	486,771
Investment income	19,233	19,233
Fundraising	42,335	42,335
Total revenues	4,834,170	4,834,170
Expenses:		
Program	3,569,723	3,569,723
Management and general	351,370	351,370
Fundraising	-	-
Total expenses	3,921,093	3,921,093
Increase in net assets before rental activities	913,077	913,077
Rental activities:		
Net loss from rental activities (Note 7)	(56,098)	(56,098)
Increase in net assets	856,979	856,979
Net assets - beginning of the year	1,670,452	1,670,452
Net assets - end of the year	\$ 2,527,431	\$ 2,527,431

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

STARTING OVER INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2023

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES:				
Salaries and wages	\$ 1,226,393	136,266	\$ -	\$ 1,362,659
Payroll taxes	98,484	10,943	-	109,427
Employee benefits	93,939	10,438	-	104,377
Contract labor	369,306	-	-	369,306
Telephone and utilities	131,982	14,665	-	146,647
Program expenses	256,669	-	-	256,669
Insurance	142,236	-	-	142,236
Repairs and maintenance	68,167	7,574	-	75,741
Office expense	-	26,205	-	26,205
Facilities and buildings	156,271	-	-	156,271
Rent	781,287	-	-	781,287
Depreciation	35,391	-	-	35,391
Staff development and training	-	22,679	-	22,679
Professional fees	142,119	15,790	-	157,909
Advertising and marketing	-	15,723	-	15,723
Travel	-	60,877	-	60,877
Transportation	29,282	3,254	-	32,536
Other	-	22,712	-	22,712
Computer software subscription	38,197	4,244	-	42,441
Total expenses	\$ <u>3,569,723</u>	\$ <u>351,370</u>	\$ <u>-</u>	\$ <u>3,921,093</u>

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

STARTING OVER INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2023

Cash flows from operating activities:	
Increase in net assets	\$ 856,979
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	72,738
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Accounts and grants receivable	177,926
Inventory	(1,665)
Increase (decrease) in liabilities:	
Accounts payable and other liabilities	<u>69,279</u>
Net cash provided by operating activities	<u>1,175,257</u>
Cash flows from financing activities:	
Cash used for principal payments on loan	<u>(25,980)</u>
Net cash used by financing activities	<u>(25,980)</u>
Cash flows from investing activities:	
Cash proceeds from advance rent	41,414
Cash proceeds from security deposits	10,800
Cash used to purchase property and equipment	<u>(135,187)</u>
Net cash used by investing activities	<u>(82,973)</u>
Net increase in cash	1,066,304
Cash and cash equivalents, beginning of the year	<u>971,685</u>
Cash and cash equivalents, end of the year	<u>\$ 2,037,989</u>
SUPPLEMENTAL DISCLOSURE:	
Cash paid for interest expense	<u>\$ 41,260</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, 2023.

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, 2023, 2022, 2021 and 2020 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, 2023 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.	106,609	(20,185)	86,424
Vehicles	114,501	(22,076)	92,425
Building	<u>1,120,400</u>	<u>(87,267)</u>	<u>1,033,133</u>
Net property and equipment	\$ <u>1,621,610</u>	\$ <u>(129,528)</u>	\$ <u>1,492,082</u>

Depreciation expense for the year ended December 31, 2023 was \$72,738.

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>
2024	\$ 27,218
2025	28,327
2026	29,481
2027	30,682
2028	31,932
Thereafter	<u>847,382</u>
Total	\$ <u>995,022</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, 2023:

<u>Description</u>	<u>Amount</u>
Rent paid to a company owned by the Executive Director	\$ <u>102,000</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 \$920,824 as of December 31, 2023.

NOTE 7 - RENTAL ACTIVITIES

The details of the rental activities for the year ended December 31, 2023 are as follows:

<u>Description</u>	<u>Amount</u>
Income:	
Rental income	\$ <u>30,719</u>
Total rental income	<u>30,719</u>
Expenses:	
Depreciation	37,347
Interest expense	41,260
Property taxes	<u>8,210</u>
Total expenses	<u>86,817</u>
Net loss	\$ <u>(56,098)</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, 2023 through November 8, 2024, 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.

***SUPPLEMENTARY INFORMATION SECTION REQUIRED BY
GOVERNMENT AUDITING STANDARDS***

JEFFREY A. HILL CPA, INC.

19602 Fariman Drive, Carson, CA 90746 • Phone: (310) 749-1014

To the Board of Directors
Starting Over, Inc.
Riverside, California

**INDEPENDENT AUDITOR'S 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**

We have audited, in accordance with the 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 **Starting Over, Inc.**, which comprise the statement of financial position as of December 31, 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 November 8, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Starting Over, Inc.**'s internal control over financial reporting (internal control) to determine 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 **Starting Over, Inc.**'s internal control. Accordingly, we do not express an opinion on the effectiveness of **Starting Over, Inc.**'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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Starting Over, Inc.**'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

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.

Jeffrey A. Hill CPA

Carson, California
November 8, 2024