



Financial Statements
June 30, 2023 and 2022

United Parents & Students

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Independent Auditor's Report

Board of Directors
United Parents & Students
Los Angeles, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Parents & Students ("UP&S") (a California Nonprofit Public Benefit Corporation), which comprise the statements of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of UP&S 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 UP&S 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 UP&S' ability to continue as a going concern for 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 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 UP&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 UP&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.

Report on Comparative Information

We have previously audited the 2022 financial statements of UP&S, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2022. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Rancho Cucamonga, California
December 18, 2023

United Parents & Students
Statements of Financial Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash	\$ 967,171	\$ 1,216,089
Receivables	141,000	150,600
Receivables - related party	47,943	798
Prepaid expenses	<u>-</u>	<u>2,000</u>
Total current assets	<u>1,156,114</u>	<u>1,369,487</u>
Non-current assets		
Property and equipment	<u>-</u>	<u>8,489</u>
Total assets	<u><u>\$ 1,156,114</u></u>	<u><u>\$ 1,377,976</u></u>
Liabilities		
Current liabilities		
Accounts payable	\$ 111,865	\$ 116,894
Accounts payable - related party	5	1,073
Refundable advance	<u>91,547</u>	<u>110,792</u>
Total liabilities	<u>203,417</u>	<u>228,759</u>
Net Assets		
Without donor restriction	831,770	1,039,471
With donor restriction	<u>120,927</u>	<u>109,746</u>
Total net assets	<u>952,697</u>	<u>1,149,217</u>
Total liabilities and net assets	<u><u>\$ 1,156,114</u></u>	<u><u>\$ 1,377,976</u></u>

United Parents & Students
Statements of Activities
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Net Assets without Donor Restriction		
Support and Revenues		
Contributions and grants	\$ 217,234	\$ 179,077
Local revenue	1,197,943	1,152,388
Net assets released from restrictions	<u>188,819</u>	<u>274,946</u>
Total support and revenues	<u>1,603,996</u>	<u>1,606,411</u>
Expenses		
Program services		
Salaries and benefits	1,179,800	1,106,225
Student services	358,974	186,177
Materials and supplies	67,275	53,928
Other expenses	5,604	17,437
Depreciation	8,489	9,261
Occupancy	<u>50,230</u>	<u>34,391</u>
Subtotal	<u>1,670,372</u>	<u>1,407,419</u>
Management and general		
Shared service fee - related party	<u>141,325</u>	<u>127,500</u>
Total expenses	<u>1,811,697</u>	<u>1,534,919</u>
Change in Net Assets Without Donor Restriction	<u>(207,701)</u>	<u>71,492</u>
Net Assets with Donor Restriction		
Contributions and grants, net	200,000	200,000
Net assets released from restrictions	<u>(188,819)</u>	<u>(274,946)</u>
Change in Net Assets with Donor Restriction	<u>11,181</u>	<u>(74,946)</u>
Change in Net Assets	(196,520)	(3,454)
Net Assets, Beginning of Year	<u>1,149,217</u>	<u>1,152,671</u>
Net Assets, End of Year	<u><u>\$ 952,697</u></u>	<u><u>\$ 1,149,217</u></u>

United Parents & Students
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Activities		
Change in net assets	\$ (196,520)	\$ (3,454)
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation expense	8,489	9,261
Changes in operating assets and liabilities		
Receivables	9,600	(44,867)
Receivables - related party	(47,145)	(798)
Prepaid expenses	2,000	(1,008)
Accounts payable	(5,029)	(19,975)
Accounts payable - related party	(1,068)	(42,122)
Refundable advance	<u>(19,245)</u>	<u>(31,827)</u>
Net Cash used for Operating Activities	<u>(248,918)</u>	<u>(134,790)</u>
Cash, Beginning of Year	<u>1,216,089</u>	<u>1,350,879</u>
Cash, End of Year	<u><u>\$ 967,171</u></u>	<u><u>\$ 1,216,089</u></u>

Note 1 - Principal Activity and Significant Accounting Policies

Organization

United Parents and Students (“UP&S”) was formed in July 2016 as a nonprofit public benefit corporation to help families address the factors outside school boundaries that not only pose barriers to learning but also inhibit local quality of life as a whole. UP&S receives services from Green Dot Public Schools National (“GDPS National”). GDPS National represents a related party, and transactions between UP&S and GDPS National have been identified on the face of the financial statements. See Note 6 for additional details regarding related party relationships and transactions.

UP&S currently serves communities in California, Tennessee, and New Mexico.

UP&S, a California nonprofit public benefit corporation, was organized and operates exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code (“IRC”); specifically, to promote the advancement of education and to lessen the burdens of government by fostering community involvement in the effort to transform public education and community self-advocacy.

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Comparative Financial Information

The accompanying financial statements include certain prior-year comparative information. Such information does include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with UP&S’ audited financial statements for the year ending June 30, 2022, from which summarized information was derived.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Concentration of Credit Risk

UP&S maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2023, UP&S had approximately \$717,171 in excess of FDIC-insured limits.

Receivables and Credit Policies

Receivables consist primarily of noninterest-bearing amounts. Management determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as UP&S deems all amounts to be fully collectible. Substantially all outstanding receivables as of June 30, 2023 are related to grant contributions and are expected to be collected within a period of less than one year.

Receivables from contracts are reported as accounts receivable, net in the accompanying statements of financial position. Contract liabilities are reported as deferred revenue in the accompanying statements of financial position.

Property and Equipment

It is UP&S' policy to capitalize individual property and equipment purchases over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 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 is removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

UP&S reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2023.

Revenue and Revenue Recognition

Operating funds for UP&S are derived principally from service revenue. Revenue is recognized when services are provided as specified on contracts. Amounts received prior to services being performed are reported refundable advance in the statement of financial position.

A portion of the UP&S' revenue is derived from contributions which are conditioned. Revenue is recognized upon certain barriers are met, and a right of return is present. Amounts received prior to barriers being met are reported as refundable advances in the statement of financial position. Consequently, at June 30, 2023, no conditional contributions were noted, for which amounts have not been received in advance, as well as have not been recognized in the accompanying financial statements.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended June 30, 2023.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities such as management and general activities. The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of activities presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses, excluding depreciation and grant disbursements are allocated on the basis of estimates of time and effort.

Income Taxes

UP&S is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service ("IRS") as exempt from federal income taxes under Section 501(a) of the IRC as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction. It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. UP&S is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, UP&S is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. UP&S determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that UP&S has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. UP&S would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with 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 could differ from those estimates.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, no losses have been experienced in any account. Credit risk associated with receivables is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of the UP&S' mission.

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 of the following:

Financial Assets	
Cash	\$ 967,171
Receivables	141,000
Receivables - related party	<u>47,943</u>
Financial Assets, at year-end	<u>1,156,114</u>
Less those unavailable for general expenditures within one year, due to donor-imposed restrictions	
Restrictions by donor with purpose restrictions	<u>(120,927)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,035,187</u>

As part of the UP&S' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Note 3 - Property and Equipment

Property and equipment consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Computer and equipment	\$ 59,424	\$ 59,424
Less: accumulated depreciation	<u>(59,424)</u>	<u>(50,935)</u>
Total	<u>\$ -</u>	<u>\$ 8,489</u>

Note 4 - Net Assets

Net assets consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Net assets with donor restrictions		
Subject to expenditure for specified purpose		
CA Community Organizing	<u>\$ 120,927</u>	<u>\$ 109,746</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions		
CA Community Organizing	\$ 188,819	\$ 176,957
Food Justice Initiative	<u>-</u>	<u>97,989</u>
Total nets assets released from donor restrictions	<u>\$ 188,819</u>	<u>\$ 274,946</u>

Note 5 - Retirement Plan

401K

UP&S employees may participate in GDPS National's defined contribution plan ("the Plan") covering all eligible employees 21 years or older and with one year of eligibility service. UP&S makes a matching contribution equal to participants' contributions to the Plan up to 4% of the participant's total compensation. Total expense for the year ended June 30, 2023, was \$11,231.

Note 6 - Related Party Transactions

GDPS National is the sole member of UP&S. GDPS National is a national organization providing services to UP&S and other related entities. These services include, but are not limited to: Human Resources, Legal, Finance and Accounting, Information Technology, Knowledge Management, Development, Communication, and Strategic Planning. In exchange, UP&S pays service fees to GDPS National.

	<u>2023</u>	<u>2022</u>
Services expenses	<u>\$ 141,325</u>	<u>\$ 127,500</u>

UP&S provides services to GDPS National, such as strategies and tools to support community and family engagement, improve student recruitment and community relations. In exchange, GDPS National pays service fees to UP&S.

	<u>2023</u>	<u>2022</u>
Services revenue	<u>\$ 47,943</u>	<u>\$ -</u>

Refer to the table below for receivables – related party and accounts payable – related party that resulted from the transactions noted above:

	<u>2023</u>	<u>2022</u>
Receivables - related party	<u>\$ 47,943</u>	<u>\$ 798</u>
Accounts payable - related party	<u>\$ 5</u>	<u>\$ 1,073</u>

Note 7 - Subsequent Events

The UP&S' management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through December 18, 2023, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.