

**Audited Financial Statements  
and Supplemental Information**

**PUENTE**

**June 30, 2021**

Quigley & Miron

**Puente de la Costa Sur**  
**Audited Financial Statements and Supplemental Information**  
**Table of Contents**  
**June 30, 2021**

	<u>Page Number</u>
<b>Independent Auditor's Report</b> .....	1
<b>Audited Financial Statements</b>	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7
<b>Required Supplemental Information</b>	
Schedule of Expenditures of Governmental Awards.....	17
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 <i>Government Auditing Standards</i> .....	18

Suite 1660  
3550 Wilshire Boulevard  
Los Angeles, California 90010

Telephone: (213) 639-3550  
Facsimile: (213) 639-3555

Suite 700  
1999 South Bascom Avenue  
Campbell, California 95008

Telephone: (408) 614-0100  
Facsimile: (213) 639-3555

## Independent Auditor's Report

Board of Directors  
**Puente de la Costa Sur**  
Pescadero, California

We have audited the accompanying financial statements of Puente de la Costa Sur (Organization), a nonprofit organization, which comprise the statements of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Puente de la Costa Sur as of June 30, 2021, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited Puente de la Costa Sur's June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

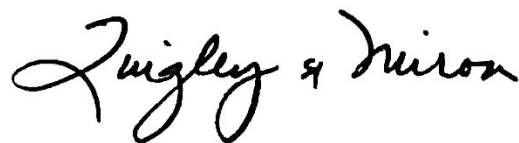
## **Other Matters**

### *Required Supplemental Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of governmental awards is presented for purposes of additional analysis as required by the County of San Mateo and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2022, on our consideration of Puente de la Costa Sur's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 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 Puente de la Costa Sur's internal control over financial reporting and compliance.



**Puente de la Costa Sur**  
**Statement of Financial Position**  
**June 30, 2021**  
**(with comparative totals for 2020)**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 5,521,746	\$ 3,563,625
Investments—Note 4	647,396	1,270,868
Government grants receivable	73,480	156,762
Pledges and grants receivable	225,567	210,581
Other assets	95,351	57,702
<b>Total Current Assets</b>	<b>6,563,540</b>	<b>5,259,538</b>
<b>Noncurrent Assets</b>		
Furniture and equipment, net of accumulated depreciation of \$234,312 and \$217,994 at June 30, 2021 and 2020, respectively	99,636	67,305
<b>Total Noncurrent Assets</b>	<b>99,636</b>	<b>67,305</b>
<b>Total Assets</b>	<b><u>\$ 6,663,176</u></b>	<b><u>\$ 5,326,843</u></b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 90,649	\$ 68,887
Accrued liabilities	164,179	179,544
Deferred revenue	152,314	119,811
SBA PPP grant advance—Note 6		128,161
<b>Total Liabilities</b>	<b>407,142</b>	<b>496,403</b>
<b>Net Assets</b>		
Without donor restrictions	4,247,431	2,993,410
With donor restrictions—Note 7	2,008,603	1,837,030
<b>Total Net Assets</b>	<b>6,256,034</b>	<b>4,830,440</b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 6,663,176</u></b>	<b><u>\$ 5,326,843</u></b>

See notes to the financial statements.

Puente de la Costa Sur  
Statement of Activities  
Year Ended June 30, 2021  
(with comparative totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
<b>Operating Activities</b>				
<b>Revenue, Support, and Other Income</b>				
Contributions				
Foundations	\$	\$ 1,577,461	\$ 1,577,461	\$ 1,205,626
Individuals and charitable organizations	1,178,338	1,819,865	2,998,203	2,134,860
Corporate	183,437		183,437	27,442
In-kind contributions	42,729		42,729	26,996
Government contract income	964,364		964,364	890,579
SBA PPP grant income—Note 6	128,161		128,161	194,239
Program service fees	8,016		8,016	81,789
Special events				
Gross revenue				75,389
In-kind contributions				5,567
Less cost of direct benefit to donors				(25,180)
<b>Special Events , Net</b>				<b>55,776</b>
Interest and dividend income	17,357		17,357	35,590
<b>Total Revenue, Support, and Other Income</b>	<b>2,522,402</b>	<b>3,397,326</b>	<b>5,919,728</b>	<b>4,652,897</b>
Net assets released from restrictions	3,225,753	(3,225,753)		
<b>Total Revenue, Support, Other Income, and Releases of Restrictions</b>	<b>5,748,155</b>	<b>171,573</b>	<b>5,919,728</b>	<b>4,652,897</b>
<b>Expenses</b>				
Program services	3,534,883		3,534,883	2,323,489
General and administrative	681,983		681,983	572,046
Fundraising	276,536		276,536	255,059
<b>Total Expenses</b>	<b>4,493,402</b>		<b>4,493,402</b>	<b>3,150,594</b>
<b>Change in Net Assets From Operations</b>	<b>1,254,753</b>	<b>171,573</b>	<b>1,426,326</b>	<b>1,502,303</b>
<b>Nonoperating Activities</b>				
Investment return, net—Note 4	(732)		(732)	16,809
<b>Total Nonoperating Activities</b>	<b>(732)</b>		<b>(732)</b>	<b>16,809</b>
<b>Change in Net Assets</b>	<b>1,254,021</b>	<b>171,573</b>	<b>1,425,594</b>	<b>1,519,112</b>
<b>Net Assets at Beginning of Year</b>	<b>2,993,410</b>	<b>1,837,030</b>	<b>4,830,440</b>	<b>3,311,328</b>
<b>Net Assets at End of Year</b>	<b>\$ 4,247,431</b>	<b>\$ 2,008,603</b>	<b>\$ 6,256,034</b>	<b>\$ 4,830,440</b>

See notes to financial statements.

Puente de la Costa Sur  
Statement of Functional Expenses  
Year Ended June 30, 2021  
(with comparative totals for 2020)

	Program Services								General and Administrative	Fundraising	2021 Total	2020 Total
	Emergency Response Program	Physical Wellness	Safety Net Services	Mental Health Program	Youth Program	Learning Center	Early Learning Program	Total Program Services				
Salaries	\$ 125,275	\$ 216,826	\$ 275,941	\$ 187,945	\$ 127,387	\$ 39,275	\$ 94,743	\$ 1,067,392	\$ 287,530	\$ 169,545	\$ 1,524,467	\$ 1,568,406
Other employee benefits	12,802	25,563	32,324	24,906	15,460	5,432	12,796	129,283	30,541	26,683	186,507	198,656
Payroll taxes	10,355	18,534	23,184	16,807	10,778	3,249	7,754	90,661	28,919	13,990	133,570	134,937
<b>Total Personnel Expenses</b>	<b>148,432</b>	<b>260,923</b>	<b>331,449</b>	<b>229,658</b>	<b>153,625</b>	<b>47,956</b>	<b>115,293</b>	<b>1,287,336</b>	<b>346,990</b>	<b>210,218</b>	<b>1,844,544</b>	<b>1,901,999</b>
Accounting fees	721	1,213	1,572	1,041	760	221	539	6,067	182,006	951	189,024	149,932
Capital expenditures	15,382	6,153		382				21,917			21,917	26,383
Community outreach	386,400		7,125		35			393,560	2,000		395,560	13,449
Computer/internet access	4,048	5,959	8,039	6,906	3,321	1,070	2,617	31,960	13,637	4,499	50,096	46,748
Cost of direct benefits to donors												25,180
Depreciation	822	2,083	3,319	2,149	1,232	360	914	10,879	3,857	1,582	16,318	13,886
Equipment maintenance and rental	797	1,234	1,655	1,088	616	219	547	6,156	3,252	931	10,339	10,564
Food supplies	532,598	23	1,167	199				533,987			533,987	75,855
In-kind supplies and services	42,424							42,424		305	42,729	32,563
Insurance	2,063	3,745	4,940	3,274	2,082	680	1,656	18,440	3,830	2,750	25,020	22,531
Interest expense									3,604		3,604	450
Material and supplies	105,642							105,642			105,642	82,005
Miscellaneous	4,223	897	2,704	4,976	832	18	118	13,768	5,820	3,295	22,883	291
Occupancy	896	2,173	6,766	8,100	1,077	331	811	20,154	3,212	1,336	24,702	33,165
Office expense	26,855	6,307	12,564	4,668	2,681	837	2,136	56,048	9,889	12,309	78,246	60,336
Printing and copying	11,473	978	464	256	143	38	87	13,439	9,439	8,168	31,046	21,645
Professional fees	69,050	12,345	8,114	155,822	2,400	1,837	25,887	275,455	79,671	29,887	385,013	323,236
Staff development		2,860	1,039	405		346	552	5,202	12,447		17,649	33,961
Scholarships and stipends			293	2,100	49,547	100	2,425	54,465		293	54,758	64,080
Shelter/emergency support	579,535	2,853	48,659		2,728			633,775			633,775	210,688
Transportation	3,423	193	356	237				4,209	2,329	12	6,550	32,394
<b>Total Expenses by Function</b>	<b>1,934,784</b>	<b>309,939</b>	<b>440,225</b>	<b>421,261</b>	<b>221,079</b>	<b>54,013</b>	<b>153,582</b>	<b>3,534,883</b>	<b>681,983</b>	<b>276,536</b>	<b>4,493,402</b>	<b>3,181,341</b>
Less expenses included in revenues on the statement of activities:												
Cost of direct benefit to donors												(25,180)
<b>Total Expenses</b>	<b>\$ 1,934,784</b>	<b>\$ 309,939</b>	<b>\$ 440,225</b>	<b>\$ 421,261</b>	<b>\$ 221,079</b>	<b>\$ 54,013</b>	<b>\$ 153,582</b>	<b>\$ 3,534,883</b>	<b>\$ 681,983</b>	<b>\$ 276,536</b>	<b>\$ 4,493,402</b>	<b>\$ 3,156,161</b>
<b>Percentage of Expenses</b>	<b>43.06%</b>	<b>6.90%</b>	<b>9.80%</b>	<b>9.38%</b>	<b>4.92%</b>	<b>1.20%</b>	<b>3.42%</b>		<b>15.18%</b>	<b>6.15%</b>	<b>100.00%</b>	

See notes to financial statements.

**Puente de la Costa Sur**  
**Statements of Cash Flows**  
**Year Ended June 30, 2021**  
**(with comparative totals for 2020)**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,425,594	\$ 1,519,112
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,318	13,886
Unrealized investment gains	2,978	(16,677)
Realized investment gains	(2,246)	(132)
Changes in operating assets and liabilities:		
Government grants receivable	83,282	99,058
Pledges and grants receivable	(14,986)	(20,581)
Other assets	(37,649)	(5,895)
Accounts payable	21,762	29,357
Accrued liabilities	(15,365)	20,266
Deferred revenue	32,503	(5,805)
SBA PPP grant advance	(128,161)	128,161
<b>Net Cash Provided by Operating Activities</b>	<b>1,384,030</b>	<b>1,760,750</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of furniture and equipment	(48,649)	
Purchases of investments	(2,260)	(260,860)
Proceeds from sale and maturities of investments	625,000	520,010
<b>Net Cash Provided by Investing Activities</b>	<b>574,091</b>	<b>259,150</b>
<b>Increase in Cash and Cash Equivalents</b>	<b>1,958,121</b>	<b>2,019,900</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>3,563,625</b>	<b>1,543,725</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 5,521,746</b>	<b>\$ 3,563,625</b>
<b>Supplemental Disclosures</b>		
Income taxes paid	\$	\$
Interest paid	\$	\$

See notes to financial statements.



**Puente de la Costa Sur**  
**Notes to Financial Statements**  
**June 30, 2021**  
**(with comparative totals for 2020)**

**Note 1—Organization**

Puente de la Costa Sur (Organization) is a non-profit California corporation that provides vital services to men, women, children, and families in the San Mateo County South Coast communities of Pescadero, La Honda, Loma Mar, and San Gregorio. The Organization provides programs and services to build a healthy, sustainable, and inclusive community, including: emergency food, seasonal clothing, bicycles and other essential items, rental and utility assistance, individual tax preparation assistance, financial literacy classes, English and Spanish literacy programs, GED and HiSet tutoring, enrollment in health insurance programs, educational health outreach through a health promoters program, health clinic services, behavioral services and counseling, legal immigration services, parenting classes, early childhood development activities, childcare parent cooperative, leadership development and employment program for youth, advocacy and community engagement, academic tutoring programs for children grades k-12, scholarships for college students, office services, translation and interpretation. The Organization also works with nursery, ranch, and farm owners and workers to promote a sustainable agricultural economy on the South Coast.

**Note 2—Summary of Significant Accounting Policies**

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization’s net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of the Organization and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

## Puente de la Costa Sur

### Notes to Financial Statements—Continued

#### Note 2—Summary of Significant Accounting Policies—Continued

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of the Organization’s various community program services, and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

#### Recently Adopted Accounting Standards

Revenue Recognition—In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. The Organization has adopted ASU No. 2014-09 for the year ended June 30, 2021, however, the retrospective approach requires that organizations reflect the effect of the new guidance in the earliest year presented in the financial statements.

Contributions—In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the definition of an exchange transaction. As a result, not-for-profit entities (NFPs) will account for most federal grants as donor-restricted conditional contributions rather than as exchange transactions (the prevalent practice today). An accommodation (“simultaneous release” option) is provided which, if elected, would allow grants received and used within the same period to be reported in net assets without donor restrictions, consistent with where the grant revenue is reported today. Donors will use the same criteria as recipients (i.e., a barrier or hurdle coupled with a right of return/right of release) to determine whether gifts or grants are conditional or unconditional. Expense recognition is deferred for conditional arrangements and is immediate for unconditional arrangements. No new disclosures are required. The Organization adopted ASU No. 2018-08 for the year ending June 30, 2020. The adoption of ASU No. 2018-08 had no material impact on the financial statements.

Income Taxes—The Organization is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization is not a private foundation within the meaning of Section 509(a) of the Code.

**Puente de la Costa Sur**

**Notes to Financial Statements—Continued**

**Note 2—Summary of Significant Accounting Policies—Continued**

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered ‘*more likely than not*’ to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at June 30, 2021 and 2020. Generally, the Organization’s information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash and cash equivalents—The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments—Investments are valued at fair market value and investment transactions are recorded on the trade date. Investment income and realized and unrealized gains and losses are reported as increases or decreases in the appropriate net asset category.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

*Mutual funds*: Valued at the daily closing price as reported by the fund. Equity funds are open-ended mutual funds held by the Organization that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. Mutual funds held by the Organization are deemed to be actively traded.

*Certificates of deposit*: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Contributions—Contributions with and without donor restrictions are recorded in the period received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Furniture and Equipment—Furniture and equipment are capitalized if there is a useful life greater than one year and the cost is above a minimum threshold established by management of \$5,000. Furniture and equipment are valued at cost or the fair market at the date of donation. The Organization provides for depreciation and amortization of furniture and equipment on a straight-line basis over the estimated useful lives of five years.

**Puente de la Costa Sur**

**Notes to Financial Statements—Continued**

**Note 2—Summary of Significant Accounting Policies—Continued**

Concentration of Credit Risk—Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, investments, and receivables. The Organization places its cash, money market funds and certificates of deposit with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At times, such cash and cash equivalent balances may be in excess of the FDIC insurance limits, however, it is the intention of the Organization to ensure that these balances do not exceed FDIC-guaranteed levels. Management regularly reviews the financial stability of its cash and money market fund depositories and deems the risk of credit loss due to these concentrations to be minimal. Certain investments are held in mutual funds which are secured by the underlying assets of the mutual funds. Management of the Organization has assessed the credit risk associated with the investments in equity mutual funds and has determined the risk of credit loss to be minimal.

Government grants receivable consist of balances from local, state and federal agencies in which the income has been earned but not received at year end. The Organization has determined that no allowance for potential losses due to uncollectible receivables is necessary at June 30, 2021 and 2020.

Pledges and grants receivable consist of balances from local foundations. The Organization has determined that no allowance for potential losses due to uncollectible receivables is necessary at June 30, 2021 and 2020.

Revenue recognition—The Organization’s revenue recognition policies are as follows:

Government contracts and grants—Revenues from government contracts and grants are reported as increases in net assets without donor restrictions, when allowable expenditures under such agreements are incurred. The amounts expended in excess of reimbursements are reported as grants receivable. Amounts received in excess of amounts expended are recorded as deferred revenue.

Program service fees—Program service fee revenue is recognized in the applicable period in which the program is performed. The portion related to a future period is reflected on the statement of financial position as deferred revenue.

In-Kind contributions—The Organization receives periodic donations of supplies from local vendors and the community, which are recorded at estimated fair market value at the date of donation, if significant. The Organization recognizes in-kind services if they (a) create or enhance nonfinancial assets, or (b) require specialized skills and are provided by individuals possessing those skills and would need to be purchased if not provided by donation. During the years ended June 30, 2021 and 2020, donated supplies and services totaling \$42,729 and \$32,563, respectively, were received by the Organization and recorded in the statement of activities.

A substantial number of volunteers have donated significant amounts of their time to the Organization and its programs. Such donated services are not reflected in the financial statements since these services do not meet the above criteria for recognition as contributed services.

**Puente de la Costa Sur**  
**Notes to Financial Statements—Continued**

**Note 2—Summary of Significant Accounting Policies—Continued**

Functional Allocation of Expenses—The costs of providing the various programs and student activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Such expenses are allocated per the following methods:

<u>Allocated Expense</u>	<u>Method of Allocation</u>
Accounting fees	Time and effort
Computer/internet access	Time and effort
Depreciation	Time and effort
Equipment maintenance and rental	Time and effort
Insurance	Time and effort
Occupancy	Time and effort
Office expense	Time and effort
Printing and copying	Time and effort

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Totals—The financial statements include certain prior year summarized comparative information in total but not by net asset class, which has been audited by other auditors. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles accepted in the United States. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Reclassifications—Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**Note 3—Availability and Liquidity**

The Organization's goal is generally to maintain financial assets to meet 6 months of operating expenses (approximately \$2,200,000).

The following represents the availability and liquidity of the Organization's financial assets at June 30, 2021 to cover operating expenses for the next fiscal year:

Cash and cash equivalents	\$ 3,738,710
Investments	647,396
Government grants receivable	73,480
Pledges and grants receivable	<u>225,567</u>
<b>Current Availability of Financial Assets</b>	<b><u><u>\$ 4,685,153</u></u></b>

**Puente de la Costa Sur**  
**Notes to Financial Statements—Continued**

**Note 4—Investments**

As of June 30, 2021 and 2020, the fair value of investments consists of the following:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	\$ 121,408	\$ 141,503	\$ 116,887	\$ 126,323
Certificates of deposit	503,004	505,893	1,128,019	1,144,545
<b>Totals</b>	<b><u>\$ 624,412</u></b>	<b><u>\$ 647,396</u></b>	<b><u>\$ 1,244,906</u></b>	<b><u>\$ 1,270,868</u></b>

Net investment income for the years ended June 30, 2021 and 2020, all recorded in net assets without donor restrictions, consists of the following:

	2021	2020
Unrealized investment (gains) losses	\$ (2,978)	\$ 16,677
Realized investment gains	2,246	132
<b>Investment Return, Net</b>	<b>(732)</b>	<b>16,809</b>
Interest and dividend income	17,357	35,590
<b>Total Investment Return</b>	<b><u>\$ 16,625</u></b>	<b><u>\$ 52,399</u></b>

**Note 5—Fair Value Measurements**

In determining the fair value of assets and liabilities the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Organization determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the Organization at the measurement date.

Level 2—Valuations based on observable inputs (other than Level 1), such as quoted prices for similar assets at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement and involve management judgment.

**Puente de la Costa Sur**  
**Notes to Financial Statements—Continued**

**Note 5—Fair Value Measurements—Continued**

The Organization may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by the Organization to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. The Organization had no assets or liabilities classified at NAV as a practical expedient during the years ended June 30, 2021 and 2020.

Fair values of assets measured on a recurring basis at June 30, 2021 and 2020 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>2021:</b>				
Mutual funds	\$ 141,503	\$ 141,503	\$	\$
Certificates of deposit	505,893		505,893	
<b>Totals</b>	<b><u>\$ 647,396</u></b>	<b><u>\$ 141,503</u></b>	<b><u>\$ 505,893</u></b>	<b><u>\$</u></b>
<b>2020:</b>				
Mutual funds	\$ 126,323	\$ 126,323	\$	\$
Certificates of deposit	1,144,545		1,144,545	
<b>Totals</b>	<b><u>\$ 1,270,868</u></b>	<b><u>\$ 126,323</u></b>	<b><u>\$ 1,144,545</u></b>	<b><u>\$</u></b>

**Note 6—SBA PPP Funding**

On May 11, 2020, the Organization received funding in the amount of \$322,400 from the Small Business Administration (SBA) through the Paycheck Protection Program (PPP). The Organization has elected to treat \$322,400 as an advance. The funding is designed to provide a direct incentive for non-profit organizations struggling to keep their workers on the payroll during the global pandemic (see Note 11). As of June 30, 2020, the Organization has determined that it has met the requirements for forgiveness and has recorded grant income of \$194,239 in the statement of activities for the year ended June 30, 2020. A balance of \$128,161 remained outstanding and has been recorded as an advance liability in the statement of financial position at June 30, 2020. During the year ended June 30, 2021, the Organization met the requirements for forgiveness of the remaining \$128,161 and has recorded this as SBA PPP grant income in the statement of activities for the year ended June 30, 2021.

**Puente de la Costa Sur**  
**Notes to Financial Statements—Continued**

**Note 7—Net Assets**

Net assets with donor restrictions for the years ended June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Emergency Relief Program		
COVID Relief	\$ 251,541	\$ 397,546
Fire Relief	206,342	
Early Learning Program	206,916	118,206
General support	194,248	302,978
Youth Program	170,499	204,099
Mental health services	164,380	196,321
Advocacy	160,000	
Safety net services	135,391	184,044
Learning Center Program	119,349	99,445
Fundraising / Resource Development	90,276	134,238
Physical Wellness Program	44,630	
Scholarship Program	39,464	18,358
<b>Total Subject to Expenditure for Specified Purpose</b>	<b><u>1,783,036</u></b>	<b><u>1,655,235</u></b>
Subject to time restrictions:		
General support	115,000	74,563
Emergency Relief Program		
COVID Relief	60,185	
Scholarship Program	24,115	
Youth Program	11,917	5,000
Safety net services	10,000	
Fundraising / Resource Development	4,350	
Early Learning Program		50,000
Physical Wellness Program		52,232
<b>Total Subject to Time Restrictions</b>	<b><u>225,567</u></b>	<b><u>181,795</u></b>
<b>Total Net Assets With Donor Restrictions</b>	<b><u>\$ 2,008,603</u></b>	<b><u>\$ 1,837,030</u></b>



**Puente de la Costa Sur**  
**Notes to Financial Statements—Continued**

**Note 7—Net Assets—Continued**

Net assets released from donor restrictions for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions:		
Emergency Relief Program		
Fire Relief	\$ 1,159,599	
COVID Relief	215,671	202,340
General support	555,521	194,097
Safety net services	516,806	281,511
Fundraising / Resource Development	209,162	89,787
Youth Program	169,095	214,715
Physical Wellness Program	137,798	143,294
Mental health services	124,241	95,983
Early Learning Program	59,650	214,022
Learning Center Program	51,199	114,000
Scholarship Program	27,011	35,426
	<u>3,225,753</u>	<u>1,585,175</u>
<b>Total Satisfaction of Purpose Restrictions</b>	<b>3,225,753</b>	<b>1,585,175</b>
Satisfaction of passage of time:		
General support		120,000
		<u>120,000</u>
<b>Total Satisfaction of Time Restrictions</b>		<b>120,000</b>
<b>Total Net Assets Released from Donor Restrictions</b>	<b><u>\$ 3,225,753</u></b>	<b><u>\$ 1,705,175</u></b>

**Note 8—Contingencies**

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although this is a possibility, except as described below, the Board generally deems the contingency remote, since, by accepting a grant and its terms, the Board is acknowledging the requirements of the grantor at the time of receipt of the grant.

In the normal course of operations, the Organization is subject to certain loss contingencies, such as litigation. In management’s opinion, the liability, if any, for such contingencies will not have a material effect on the Organization’s financial position.

**Note 9—Retirement Benefits**

The Organization has established a defined contribution plan for employees of Puente De La Costa Sur with more than one year of service. The plan provides for monthly contributions to be made by the Organization equal to a percentage of gross pay for each eligible employee. The employee is fully vested in the Organization’s contributions. The Organization’s contribution to the plan was \$50,963 and \$51,299, respectively, for the years ended June 30, 2021 and 2020.

**Puente de la Costa Sur**  
**Notes to Financial Statements—Continued**

**Note 10—Recent Accounting Pronouncements**

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for nonprofit organizations with fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

Gifts-in-Kind—In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. There are additional required disclosures regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity’s policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. ASU No. 2020-07 is to be applied retrospectively and is effective for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of ASU 2020-07 will have on its financial statements.

**Note 11—Risks and Uncertainties**

In early March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been, and continues to be, severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. The Organization has continued to conduct its activities, primarily on a remote basis, and to monitor the ongoing impact of the pandemic response on its overall operations. At the time of this reporting, the cumulative financial impact of the pandemic on the Organization, if any, cannot be fully determined, therefore no related adjustment has been made to these financial statements.

**Note 12—Subsequent Events**

Management evaluated all activities of Puente de la Costa Sur through May 26, 2022, which is the date the financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.

**Puente de la Costa Sur  
Schedule of Expenditures of County of San Mateo Awards  
Year Ended June 30, 2021**

<b>Program Title</b>	<b>Grant Number</b>	<b>Grant Amount</b>	<b>Grant Period</b>	<b>Amount Expended</b>
Core Agency Services to At Risk and Homeless Residents	074891B	\$ 94,766	7/1/20-6/30/21	\$ 94,766
First Five grant for Suenos Unidos Parent Participatory Preschool	19500-19-D001	100,000	7/1/20-6/30/21	100,000
Health Care for the Homeless/Farmworker Health Program	77844	673,750	1/1/18-6/30/21	168,400
Promoter to Low Income, Hard-to-Reach Residents of the South Coast Communities	75388	183,912	7/1/20-6/30/21	183,912
Project Success and Mindfulness-Based Substance Use Treatment	76909	305,771	7/1/20-6/30/21	305,771
Trauma Informed Youth	77689	30,000	7/1/20-6/30/21	29,804
Census Outreach and Education Community Action Teams	12000-19-D031-B	55,256	10/31/19-12/31/20	13,814
Census Outreach and Education Questionnaire Assistance Centers	12000-19-D031-A	20,000	10/31/19-12/31/20	5,000
Health Care for the Homeless/Farmworker Health Program	68120-20-D090	2,000	6/1/20-12/31/20	2,000
CSM-CORE Capacity COVID	80511-F21-D095	11,484	8/30/20-12/31/20	11,484
CSM-COVID 19-OCA 1001	80511-F21-D148	70,000	11/12/20-7/31/22	33,600
San Mateo County Office of Education-Quality Improvement Grant	None	3,253	10/20/20-6/30/21	3,253
<b>Total Expenditures of County of San Mateo Awards</b>				<b>\$ 951,804</b>

Suite 1660  
3550 Wilshire Boulevard  
Los Angeles, California 90010

Telephone: (213) 639-3550  
Facsimile: (213) 639-3555

Suite 700  
1999 South Bascom Avenue  
Campbell, California 95008

Telephone: (408) 614-0100  
Facsimile: (213) 639-3555

## **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***

Board of Directors  
**Puente de la Costa Sur**  
Pescadero, 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 Puente de la Costa Sur (Organization), which comprise the statement of financial position as of June 30, 2021, 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 May 26, 2022.

### **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 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 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 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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization’s financial statements are free of 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 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*.

**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 Organization’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 Organization’s internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Los Angeles, California  
May 26, 2022