

**Audited Financial Statements  
and Supplemental Information**

**PUENTE**

**June 30, 2023**

**Quigley & Miron**

**Puente de la Costa Sur**  
**Audited Financial Statements and Supplementary Information**  
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## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Puente de la Costa Sur (Organization), a nonprofit organization, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, 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.

#### *Basis of Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAGAS). 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 the Organization 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 the Organization'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 the Organization’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 Organization’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 Other Legal and Regulatory Requirements**

##### *Other Reporting Required by GAGAS*

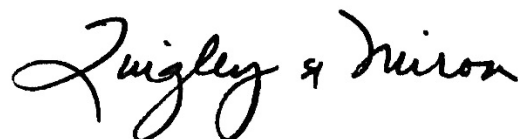
In accordance with GAGAS, we have also issued our report dated January 26, 2024 on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GAGAS in considering the Organization’s internal control over financial reporting and compliance.

#### **Required Supplementary 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.

#### **Report on Summarized Comparative Information**

We have previously audited Puente de la Costa Sur's June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 8, 2023. In our opinion, the summarized 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.



**Puente de la Costa Sur**  
**Statement of Financial Position**  
**June 30, 2023**  
**(with comparative totals for 2022)**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 8,155,166	\$ 6,131,379
Investments—Note 4	132,892	2,128,230
Government grants receivable	502,425	327,148
Pledges and grants receivable	285,750	390,000
Other receivables	67,566	137,144
Other assets	112,222	53,638
<b>Total Current Assets</b>	<b>9,256,021</b>	<b>9,167,539</b>
<b>Noncurrent Assets</b>		
Furniture, equipment, and leasehold improvements, net of accumulated depreciation of \$272,225 and \$257,928 at June 30, 2023 and 2022, respectively	609,228	76,020
<b>Total Noncurrent Assets</b>	<b>609,228</b>	<b>76,020</b>
<b>Total Assets</b>	<b><u>\$ 9,865,249</u></b>	<b><u>\$ 9,243,559</u></b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 146,476	\$ 50,778
Accrued liabilities	213,576	152,010
Deferred revenue	96,465	168,044
<b>Total Liabilities</b>	<b>456,517</b>	<b>370,832</b>
<b>Net Assets</b>		
Without donor restrictions	6,464,918	5,221,088
With donor restrictions—Note 5	2,943,814	3,651,639
<b>Total Net Assets</b>	<b>9,408,732</b>	<b>8,872,727</b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 9,865,249</u></b>	<b><u>\$ 9,243,559</u></b>

See notes to the financial statements.

Puente de la Costa Sur  
Statement of Activities  
Year Ended June 30, 2023  
(with summarized comparative totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
<b>Operating Activities</b>				
<b>Revenue, Support, and Other Income</b>				
Contributions				
Foundations	\$	\$ 1,339,285	\$ 1,339,285	\$ 1,702,150
Individuals and charitable organizations	808,406	1,585,519	2,393,925	3,795,050
Corporate	48,616		48,616	50,520
In-kind contributions—Note 6	25,910		25,910	26,274
Government contract income	1,327,865		1,327,865	1,201,340
Program service fees	7,983		7,983	929
Interest and dividend income	218,057		218,057	7,151
	<b>2,436,837</b>	<b>2,924,804</b>	<b>5,361,641</b>	<b>6,783,414</b>
Net assets released from restrictions	3,632,629	(3,632,629)		
	<b>6,069,466</b>	<b>(707,825)</b>	<b>5,361,641</b>	<b>6,783,414</b>
<b>Expenses</b>				
Program services	3,536,636		3,536,636	3,227,130
General and administrative	801,620		801,620	561,455
Fundraising	487,818		487,818	358,339
	<b>4,826,074</b>		<b>4,826,074</b>	<b>4,146,924</b>
	<b>1,243,392</b>	<b>(707,825)</b>	<b>535,567</b>	<b>2,636,490</b>
<b>Nonoperating Activities</b>				
Investment return, net—Note 4	438		438	(19,797)
	<b>438</b>		<b>438</b>	<b>(19,797)</b>
	<b>1,243,830</b>	<b>(707,825)</b>	<b>536,005</b>	<b>2,616,693</b>
Net Assets at Beginning of Year	5,221,088	3,651,639	8,872,727	6,256,034
Net Assets at End of Year	<u>\$ 6,464,918</u>	<u>\$ 2,943,814</u>	<u>\$ 9,408,732</u>	<u>\$ 8,872,727</u>

See notes to financial statements.

Puente de la Costa Sur  
Statement of Functional Expenses  
Year Ended June 30, 2023  
(with summarized comparative totals for 2022)

	Program Services							Total Program Services	General and Administrative	Fundraising	2023 Total	2022 Total
	Community Mental Health Program	Community Development Program	Community Health Program	Education Program	Advocacy Program	Emergency Response Program	Scholarship Program					
Salaries	\$ 347,235	\$ 372,027	\$ 374,876	\$ 343,921	\$ 174,626	\$	\$	\$ 1,612,686	\$ 388,190	\$ 257,190	\$ 2,258,066	\$ 1,653,923
Other employee benefits	43,039	32,135	36,431	49,997	17,968			179,570	50,637	31,476	261,683	189,569
Payroll taxes	27,459	30,208	29,920	27,513	13,992			129,092	30,845	21,038	180,975	137,487
<b>Total Personnel Expenses</b>	<b>417,733</b>	<b>434,370</b>	<b>441,227</b>	<b>421,431</b>	<b>206,586</b>			<b>1,921,348</b>	<b>469,672</b>	<b>309,704</b>	<b>2,700,724</b>	<b>1,980,979</b>
Accounting fees	2,822	3,588	3,529	3,288	1,640			14,867	182,291	2,489	199,647	204,707
Capital expenditures	2,281	4,234	4,174	692	1,243			12,624	942	1,053	14,619	21,196
Community outreach	4,895							4,895	3,600	1,049	9,544	359,920
Computer/internet access	10,024	11,469	12,151	11,528	5,117			50,289	40,730	6,876	97,895	58,477
Depreciation	1,906	2,491	2,410	2,294	1,098			10,199	2,363	1,735	14,297	23,616
Dues and subscriptions	10,828	1,609	1,126	824	438			14,825	2,059	4,190	21,074	
Equipment maintenance and rental	1,244	1,627	1,539	1,492	725			6,627	1,652	2,436	10,715	8,810
Food supplies	247	136,016	69,120	4,422	6,219	6,219		222,243	566	169	222,978	340,999
Insurance	2,937	3,801	3,686	3,479	1,664			15,567	3,687	2,617	21,871	25,825
Interest expense												565
Material and supplies	7,808	14,273	14,663	13,517	11,744	3,274		65,279	12,078	14,938	92,295	132,794
Miscellaneous	1,114	7,924	4,430	3,293	523			17,284	11,589	1,361	30,234	29,816
Occupancy	8,989	10,618	4,605	4,049	1,821			30,082	4,655	13,352	48,089	38,435
Office expense	6,621	15,630	9,843	8,310	4,457			44,861	15,796	14,857	75,514	62,692
Printing and copying	221	3,987	1,205	304	1,389			7,106	6,560	30,298	43,964	50,973
Professional fees	196,119	16,351	19,487	3,619	77,750	1,862		315,188	33,617	72,024	420,829	350,513
Scholarships and stipends				35,016			72,280	107,296	4,600	84	111,980	121,626
Shelter/emergency support	592	208,472	19,826	2,881	12,974	380,750		625,495		8,135	633,630	321,423
Transportation	15,516	6,491	13,382	4,170	11,002			50,561	5,163	451	56,175	13,558
<b>Total Expenses</b>	<b>691,897</b>	<b>882,951</b>	<b>626,403</b>	<b>524,609</b>	<b>346,390</b>	<b>392,105</b>	<b>72,280</b>	<b>3,536,636</b>	<b>801,620</b>	<b>487,818</b>	<b>4,826,074</b>	<b>4,146,924</b>
Percentage of expenses	14.34%	18.30%	12.98%	10.87%	7.18%	8.12%	1.50%	73.28%	16.61%	10.11%	100.00%	

See notes to financial statements.

**Puente de la Costa Sur**  
**Statements of Cash Flows**  
**Year Ended June 30, 2023**  
**(with comparative totals for 2022)**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 536,005	\$ 2,616,693
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	14,297	23,616
Net realized and unrealized investment (gains) losses	(438)	19,797
Changes in operating assets and liabilities:		
Government grants receivable	(175,277)	(390,812)
Pledges and grants receivable	104,250	(164,433)
Other receivables	69,578	
Other assets	(58,584)	43,713
Accounts payable	95,698	(39,871)
Accrued liabilities	61,566	(12,169)
Deferred revenue	(71,579)	13,730
	<u>575,516</u>	<u>2,110,264</u>
<b>Net Cash Provided by Operating Activities</b>	<b>575,516</b>	<b>2,110,264</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of furniture and equipment	(547,505)	
Purchases of investments	(16,774,224)	(3,875,131)
Proceeds from sale and maturities of investments	18,770,000	2,374,500
	<u>1,448,271</u>	<u>(1,500,631)</u>
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>1,448,271</b>	<b>(1,500,631)</b>
	<b>2,023,787</b>	<b>609,633</b>
<b>Increase in Cash and Cash Equivalents</b>	<b>2,023,787</b>	<b>609,633</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>6,131,379</u>	<u>5,521,746</u>
	<u>8,155,166</u>	<u>6,131,379</u>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 8,155,166</b>	<b>\$ 6,131,379</b>
<b>Supplemental Disclosures</b>		
Income taxes paid	\$	\$
Interest paid	\$	\$ 565

See notes to financial statements.



**Puente de la Costa Sur**  
**Notes to Financial Statements**  
**June 30, 2023**  
**(with comparative totals for 2022)**

**Note 1—Organization**

Puente de la Costa Sur (Organization) is a non-profit California corporation operating in San Mateo County since 1998. The Organization's mission is to foster wellness and prosperity in the San Mateo South Coast communities of Pescadero, La Honda, Loma Mar, and San Gregorio by promoting and advocating for equitable access to education, health, and economic security. The Organization serves everyone who lives or works on the South Coast, regardless of immigration status although the Organization's focus is primarily to create equitable opportunities for children 0-5 years old, first-generation college students, families and children in the local school district, farmworkers, low-income households, and seniors. Their vision is a South Coast region with an inclusive and thriving community where people embrace diversity and equity.

The Organization provides programs and services in five areas: Education, Health, Community Development, Mental Health and Wellness, and Community Engagement and Policy. Some of the programs offered include: emergency food, bicycles and other essential items, rental and utility financial assistance, individual tax preparation assistance, financial literacy classes, English and Spanish literacy programs, enrollment in health insurance programs, educational health outreach through a health promoters program, health clinic services, mental health counseling, legal immigration services, parenting classes, early childhood development activities, childcare parent cooperative, leadership development and employment programs for youth, advocacy, scholarships for college students, office services, translation and interpretation, community organizing, housing and employment rights advocacy.

**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.

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 services and programs, 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.

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

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

Recently Adopted Accounting Principle—In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This amendment is applicable to leases with terms exceeding 12 months and requires lessees to recognize the assets and related liabilities that arise from leases in the statement of financial position. Additionally, in July 2018, FASB issued ASU 2018-11 *Leases (Topic 842)—Targeted Improvements*, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative effect adjustment to the opening balance of net assets without donor restrictions in the period of adoption. Since the Organization has no leases with terms exceeding one year as of the year ended June 30, 2023, the Organization has adopted ASU No. 2016-02 and its related amendments on a prospective basis, with no resulting impact on the financial statement presentation.

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. 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, 2023 and 2022. 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, 2023 and 2022.

*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.

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.

**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. Cash held in investment accounts at investment custodians firms are insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the investments in securities are insured up to \$500,000, per institution. Certain investments are held in mutual funds which are secured by the underlying assets of the mutual funds. SIPC insurance protects the custody function of the investment custodian; it does not provide protection against fluctuations in market value. Such balances are in excess of the SIPC coverage limits. Management of the Organization has assessed the credit risk associated with the investments in equity mutual funds and believes it is not exposed to any significant credit risk with its and investments, however, due to the current risk and uncertainties affecting financial institutions (see Note 9), the related impact cannot be reasonably estimated at this time.

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, 2023 and 2022.

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, 2023 and 2022.

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.

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

Government contract income—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.

Interest and dividend income—Interest and dividend income earned on investments is recognized when received and is reported as interest and dividends under revenue and support in the statement of activities.

Contracts with Customers—Accounting standards require an organization to recognize revenue arising from contracts with customers at the time the customer obtains control of a contracted goods or service. 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.

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

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

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.

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.

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. Accounting fees, capital expenditures, community outreach, computer/internet access, depreciation, equipment maintenance and rental, food supplies, insurance, material and supplies, miscellaneous, occupancy, office expense, printing and copying, professional fees, staff development, scholarship and stipends, shelter/emergency support, and transportation are allocated on the basis of estimates of time and effort. All other functional expenses are charged directly to appropriate classification.

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, 2022, 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, 2023 and 2022 to cover operating expenses for the next fiscal year:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 5,497,102	\$ 2,869,740
Investments	132,892	2,128,230
Government grants receivable	502,425	137,144
Pledges and grants receivable	260,750	130,000
<b>Current Availability of Financial Assets</b>	<b><u>\$ 6,393,169</u></b>	<b><u>\$ 5,265,114</u></b>

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

**Note 4—Investments and Fair Value Measurements**

As of June 30, 2023 and 2022, the fair value of investments consists of the following:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	\$ 137,154	\$ 132,892	\$ 133,189	\$ 127,159
US Treasuries			1,749,496	1,751,334
Certificates of deposit			250,001	249,737
<b>Totals</b>	<b><u>\$ 137,154</u></b>	<b><u>\$ 132,892</u></b>	<b><u>\$ 2,132,686</u></b>	<b><u>\$ 2,128,230</u></b>

Net investment income for the years ended June 30, 2023 and 2022, all recorded in net assets without donor restrictions, consists of the following:

	2023	2022
Unrealized investment gains (losses)	\$ 194	\$ (27,440)
Realized investment gains	244	7,643
<b>Investment Return, Net</b>	<b>438</b>	<b>(19,797)</b>
Interest and dividend income	218,057	7,151
<b>Total Investment Return</b>	<b><u>\$ 218,495</u></b>	<b><u>\$ (12,646)</u></b>

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.

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, 2023 and 2022.

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

**Note 4—Investments and Fair Value Measurements—Continued**

Fair values of assets measured on a recurring basis at June 30, 2023 and 2022 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>2023:</b>				
Mutual funds	\$ 132,892	\$ 132,892	\$	\$
<b>Totals</b>	<b><u>\$ 132,892</u></b>	<b><u>\$ 132,892</u></b>	<b><u>\$</u></b>	<b><u>\$</u></b>
<b>2022:</b>				
Mutual funds	\$ 127,159	\$ 127,159	\$	\$
US Treasury bills	1,751,334	1,751,334		
Certificates of deposit	249,737		249,737	
<b>Totals</b>	<b><u>\$ 2,128,230</u></b>	<b><u>\$ 1,878,493</u></b>	<b><u>\$ 249,737</u></b>	<b><u>\$</u></b>

**Note 5—Net Assets**

Net assets with donor restrictions for the years ended June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Advocacy Program	\$ 226,250	\$ 274,760
Community Health Program	339,660	421,822
Community Mental Health Program	297,273	355,655
Community Development Program	97,017	333,443
Development Program	236,135	273,949
Education Program	431,086	1,153,039
Emergency Relief Programs		
Fire Relief		110,930
COVID Relief		1,732
General support	918,207	303,015
Scholarship Program	114,657	33,294
<b>Total Subject to Expenditure for Specified Purpose</b>	<b><u>2,660,285</u></b>	<b><u>3,261,639</u></b>
Subject to time restrictions:		
Advocacy		25,000
Community Development Program	49,806	100,000
Community Health Program		75,000
Education Program	25,000	60,000
General support	208,723	130,000
<b>Total Subject to Time Restrictions</b>	<b><u>283,529</u></b>	<b><u>390,000</u></b>
<b>Total Net Assets With Donor Restrictions</b>	<b><u>\$ 2,943,814</u></b>	<b><u>\$ 3,651,639</u></b>

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

**Note 5—Net Assets—Continued**

Net assets released from donor restrictions for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions:		
Advocacy	\$	\$ 159,799
Community Development Program	522,463	369,424
Community Health Program	351,530	193,256
Community Mental Health Program	249,664	202,111
Development Program	275,067	302,223
Education Program	1,183,375	372,586
Emergency Relief Programs		
COVID Relief	15,109	373,924
Winter Storm Relief	166,804	
HMB Community Fund	57,201	
Fire Relief	112,490	347,373
General support	599,902	375,299
Scholarship Program	56,997	58,062
	<u>3,590,602</u>	<u>2,754,057</u>
<b>Total Satisfaction of Purpose Restrictions</b>		
Satisfaction of passage of time:		
General support	42,027	
	<u>42,027</u>	
<b>Total Satisfaction of Time Restrictions</b>		
<b>Total Net Assets Released from Donor Restrictions</b>	<u><u>\$ 3,632,629</u></u>	<u><u>\$ 2,754,057</u></u>

**Note 6—In-Kind Contributions**

In-kind contributions include contributions of in-kind use of facilities and supplies used in operations of programs and fundraising activities. For the years ended June 30, 2023 and 2022, in-kind contributions are reported in the statement of activities under revenue, support, & other income, and in the statement of functional expenses under the following expense captions:

	<u>2023</u>	<u>2022</u>
Materials and supplies	\$ 14,560	\$ 19,495
Use of facilities	10,800	2,700
Food	550	4,079
	<u>25,910</u>	<u>26,274</u>
<b>Totals</b>	<u><u>\$ 25,910</u></u>	<u><u>\$ 26,274</u></u>

Materials and supplies and food are valued at the market value at the time of donation based on information provided by the donor. Donated use of facilities are valued on the landlord's fair market value of \$12.20 per square foot. In-kind contributions were received by the Organization without donor-imposed restrictions.

**Note 7—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.

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

**Note 7—Contingencies—Continued**

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 8—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 \$94,561 and \$62,263, respectively, for the years ended June 30, 2023 and 2022.

**Note 9—Risks and Uncertainties**

In March 2023, the shut-down of certain financial institutions raised economic concerns over disruption in the United States (U.S.) banking system. The U.S. government took certain actions to strengthen public confidence in the U.S. banking system, however, there can be no certainty that the actions taken by the U.S. government will be effective in mitigating the effects of financial institution failures on the economy, which may include limits on access to short-term liquidity in the near term or other adverse effects. As noted in Note 2, the Organization maintains cash and cash equivalents and investment balances in excess of federally-insured limits. Given the uncertainty of the situation, the related financial impact cannot be reasonably estimated at this time.

Subsequent to these events, the Organization opened Cash Sweep accounts, which limit balances held in any one financial institution to under the FDIC limit of \$250,000. This mitigates the Organization's risk and keeps all balances within federally-insured limits.

**Note 10—Subsequent Events**

During the year ended June 30, 2023, Puente de la Costa Sur as part of exploring housing solutions for the South Coast signed a purchase agreement for a property in Pescadero, CA, with a purchase price of \$4,600,000. Subsequent to year end, Puente de la Costa Sur exited their purchase agreement for the property in Pescadero, CA. Puente did not have time to do all diligences on the property and did not receive a free agreement extension. Puente is committed to continue exploring affordable housing solutions for the South Coast community.

Management evaluated all activities of Puente de la Costa Sur through January 26, 2024, which is the date the financial statements were available to be issued, other than the purchase agreement described above, 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, 2023**

<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	079382	\$ 691,414	7/1/22-6/30/25	\$ 224,160
First Five grant for Suenos Unidos Parent Participatory Preschool	19500-21-D001	100,000	7/1/22-6/30/23	94,443
Health Care for the Homeless/Farmworker Health Program	Resolution #77844	591,226	7/1/21-12/31/24	156,593
Promoter to Low Income, Hard-to-Reach Residents of the South Coast Communities	68422-23-D00109	183,912	7/1/22-6/30/23	183,914
Project Success and Mindfulness-Based Substance Use Treatment	Agreement 079732	882,624	7/1/21-3/31/24	324,391
Trauma Informed Youth	Agreement 079732	82,714	7/1/21-3/31/24	31,829
CSM-COVID 19-OCA 1001	80511-F21-D148	76,000	11/12/20-9/30/22	6,000
CSM-COVID Financial Assistance	PO #2301199	125,000	4/25/22-12/31/22	34,500
CSM-COVID Get Healthy 60+	55511-22-D295	32,480	6/1/22-5/31/23	29,647
CSM-MHSA	-	5,086	11/7/22-6/30/23	5,086
CSM-MHSA 1x improvement	61000-23-D528	100,000	7/1/22-6/30/23	95,459
CSM Staff Wellness Grant	-	5,540	4/1/22-5/31/23	5,540
CSM Housing Advocacy Grant	79000-23-R078663B	117,550	7/1/22-6/30/23	117,550
CSM Expanding Covid-19 Vaccination Award (ECV)	-	9,821	7/1/22-12/31/23	4,960
<b>Total Expenditures of County of San Mateo Awards</b>				<b><u>\$ 1,314,072</u></b>

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## **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, 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 January 26, 2024.

### **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.

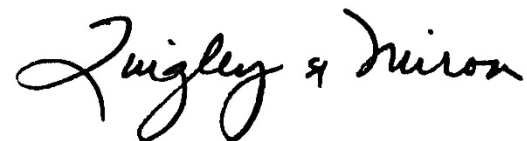
### **Compliance and Other Matters**

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  
January 26, 2024

A handwritten signature in black ink that reads "Zugley & Miron". The signature is written in a cursive, flowing style.