

**Audited Financial Statements
and Supplementary Information**

PUENTE

June 30, 2024

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, 2024, 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, 2024, 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. 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 Generally Accepted Government Auditing Standards

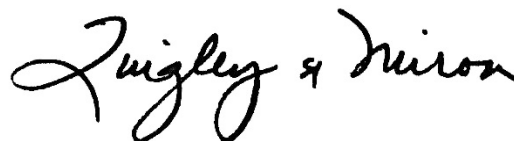
In accordance with *Generally Accepted Government Auditing Standards* (GAGAS), we have also issued our report dated January 23, 2025 on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 26, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 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, 2024
(with comparative totals for 2023)

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,485,424	\$ 8,155,166
Investments—Note 4	6,228,944	132,892
Government grants receivable	260,145	502,425
Pledges and grants receivable	200,000	285,750
Other receivables	89,724	67,566
Other assets	44,369	112,222
Total Current Assets	11,308,606	9,256,021
Noncurrent Assets		
Furniture, equipment, and leasehold improvements, net of accumulated depreciation of \$326,860 and \$272,225 at June 30, 2024 and 2023, respectively	778,256	609,228
Total Noncurrent Assets	778,256	609,228
Total Assets	<u>\$ 12,086,862</u>	<u>\$ 9,865,249</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 68,379	\$ 146,476
Accrued liabilities	219,390	213,576
Deferred revenue	25,517	96,465
Total Current Liabilities	313,286	456,517
Net Assets		
Without donor restrictions	9,798,106	6,464,918
With donor restrictions—Note 5	1,975,470	2,943,814
Total Net Assets	11,773,576	9,408,732
Total Liabilities and Net Assets	<u>\$ 12,086,862</u>	<u>\$ 9,865,249</u>

See notes to the financial statements.

Puente de la Costa Sur
Statement of Activities
Year Ended June 30, 2024
(with summarized comparative totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Operating Activities				
Revenue, Support, and Other Income				
Contributions				
Foundations	\$ 635,393	\$ 1,150,116	\$ 1,785,509	\$ 1,339,285
Individuals and charitable organizations	3,167,686	762,043	3,929,729	2,393,925
Corporate	60,835		60,835	48,616
In-kind contributions—Note 6	23,763		23,763	25,910
Government contract income	1,242,638		1,242,638	1,327,865
Program service fees	7,543		7,543	7,983
Interest and dividend income	321,462		321,462	218,057
	5,459,320	1,912,159	7,371,479	5,361,641
Net assets released from restrictions	2,880,503	(2,880,503)		
	8,339,823	(968,344)	7,371,479	5,361,641
Expenses				
Program services	3,686,012		3,686,012	3,536,636
General and administrative	951,584		951,584	801,620
Fundraising	456,413		456,413	487,818
	5,094,009		5,094,009	4,826,074
	3,245,814	(968,344)	2,277,470	535,567
Nonoperating Activities				
Investment return, net—Note 4	87,374		87,374	438
	87,374		87,374	438
	3,333,188	(968,344)	2,364,844	536,005
Net Assets at Beginning of Year	6,464,918	2,943,814	9,408,732	8,872,727
Net Assets at End of Year	<u>\$ 9,798,106</u>	<u>\$ 1,975,470</u>	<u>\$ 11,773,576</u>	<u>\$ 9,408,732</u>

See notes to financial statements.

Puente de la Costa Sur
Statement of Functional Expenses
Year Ended June 30, 2024
(with summarized comparative totals for 2023)

	Program Services						Total Program Services	General and Administrative	Fundraising	2024 Total	2023 Total
	Community Mental Health Program	Community Development Program	Community Health Program	Education Program	Advocacy Program	Scholarship Program					
Salaries	\$ 363,264	\$ 418,313	\$ 482,212	\$ 389,021	\$ 259,707	\$	\$ 1,912,517	\$ 499,217	\$ 253,009	\$ 2,664,743	\$ 2,258,066
Other employee benefits	28,473	50,652	76,267	46,740	27,749		229,881	82,226	34,954	347,061	261,683
Payroll taxes	28,278	33,991	39,161	31,573	21,024		154,027	52,896	20,467	227,390	180,975
Total Personnel Expenses	420,015	502,956	597,640	467,334	308,480		2,296,425	634,339	308,430	3,239,194	2,700,724
Accounting fees	4,230	5,089	5,862	4,755	3,147		23,083	142,633	3,057	168,773	199,647
Capital expenditures	1,942	484		24,536			26,962	872		27,834	14,619
Community outreach	110			500			610	4,484	5,282	10,376	9,544
Computer/internet access	15,291	18,160	20,802	16,675	11,100		82,028	25,446	11,142	118,616	97,895
Depreciation	1,815	2,160	2,494	42,369	1,341		50,179	3,149	1,307	54,635	14,297
Dues and subscriptions	8,184	2,225	2,061	1,229	777		14,476	2,922	4,760	22,158	21,074
Equipment maintenance and rental	1,535	1,257	1,289	1,043	687		5,811	1,119	67	6,997	10,715
Food supplies	2,252	8,669	136,510	12,160	22,177		181,768	2,805	32	184,605	222,978
Insurance	2,421	2,908	3,357	2,714	1,808		13,208	3,307	1,743	18,258	21,871
Interest expense	74						74			74	
Material and supplies	7,121	2,200	15,143	24,589	36,208		85,261	16,964	5,523	107,748	92,295
Miscellaneous	2,785	2,139	3,505	1,961	2,366		12,756	5,519	1,957	20,232	30,234
Occupancy	9,752	10,059	5,981	5,209	3,360		34,361	6,799	16,288	57,448	48,089
Office expense	5,942	13,920	13,092	11,960	7,589		52,503	21,573	15,627	89,703	75,514
Printing and copying	679	4,413		38	12,586		17,716	1,690	22,229	41,635	43,964
Professional fees	117,100	2,042	9,663	15,900	77,573		222,278	65,484	57,965	345,727	420,829
Scholarships and stipends				70,071	7,032	82,000	159,103	2,900		162,003	111,980
Shelter/emergency support		364,190	12,900	1,237	36		378,363			378,363	633,630
Transportation	1,304	3,219	11,562	10,042	2,920		29,047	9,579	1,004	39,630	56,175
Total Expenses	602,552	946,090	841,861	714,322	499,187	82,000	3,686,012	951,584	456,413	5,094,009	4,826,074
Percentage of expenses	11.83%	18.57%	16.53%	14.02%	9.80%	1.61%	72.36%	18.68%	8.96%	100.00%	

See notes to financial statements.

Puente de la Costa Sur
Statements of Cash Flows
Year Ended June 30, 2024
(with comparative totals for 2023)

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 2,364,844	\$ 536,005
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	54,635	14,297
Net realized and unrealized investment gains	(87,374)	(438)
Changes in operating assets and liabilities:		
Government grants receivable	242,280	(175,277)
Pledges and grants receivable	85,750	104,250
Other receivables	(22,158)	69,578
Other assets	67,853	(58,584)
Accounts payable	(78,097)	95,698
Accrued liabilities	5,814	61,566
Deferred revenue	(70,948)	(71,579)
	<u>2,562,599</u>	<u>575,516</u>
Net Cash Provided by Operating Activities	2,562,599	575,516
Cash Flows from Investing Activities		
Purchases of furniture and equipment	(223,663)	(547,505)
Purchases of investments	(36,849,934)	(16,774,224)
Proceeds from sale and maturities of investments	30,841,256	18,770,000
	<u>(6,232,341)</u>	<u>1,448,271</u>
Net Cash Provided by (Used in) Investing Activities	(6,232,341)	1,448,271
	<u>(3,669,742)</u>	<u>2,023,787</u>
Increase (Decrease) in Cash and Cash Equivalents	(3,669,742)	2,023,787
Cash and Cash Equivalents at Beginning of Year	<u>8,155,166</u>	<u>6,131,379</u>
	<u>8,155,166</u>	<u>8,155,166</u>
Cash and Cash Equivalents at End of Year	\$ 4,485,424	\$ 8,155,166
Supplemental Disclosures		
Income taxes paid	\$	\$
Interest paid	\$ 74	\$

See notes to financial statements.

Puente de la Costa Sur
Notes to Financial Statements
June 30, 2024
(with comparative totals for 2023)

Note 1—Organization

Puente de la Costa Sur (Organization) is a non-profit California corporation which has operated 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.

Note 2—Summary of Significant Accounting Policies—Continued

Recently Adopted Accounting Principles

Credit Losses—In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards (ASU) No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)*, which requires organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. This standard replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The new guidance affects organizations that hold financial assets and net investments in leases that are not accounted for at fair value with changes in fair value reported in net income, including loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The Organization adopted ASU No. 2016-13 on a retrospective basis for the year ended June 30, 2024 with no resulting impact on the financial statement presentation.

Leases—In February 2016, the FASB issued 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, 2024 and 2023. 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, 2024 and 2023.

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.

Puente de la Costa Sur
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

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.

Government Grants Receivable—Government grants receivable represents unconditional grants from government agencies not collected as of June 30, 2024 and 2023. The Organization has determined that no allowance for potential credit losses due to uncollectable government grants receivable was necessary at June 30, 2024 and 2023 as all such receivables are considered to be fully collectible.

Pledges and Grants Receivable—Pledges receivable represents unconditional promises to give from corporations, foundations and individuals as of June 30, 2024 and 2023. The carrying amounts for pledges receivable reported in the combined statement of financial position approximate fair values, as all amounts are expected to be received or paid within one year, and management has determined that no allowance for potential credit losses due to uncollectible pledges receivable was necessary at June 30, 2024 and 2023 as all such receivables are considered to be fully collectible.

Furniture, Equipment and Leasehold Improvements—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.

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.

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, 2024 and 2023.

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, 2024 and 2023.

Puente de la Costa Sur
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

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.

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 the program or function benefitted.

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.

Puente de la Costa Sur
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

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, 2023, 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, 2024 and 2023 to cover operating expenses for the next fiscal year:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,709,954	\$ 5,497,102
Investments	6,228,944	132,892
Government grants receivable	260,145	502,425
Pledges and grants receivable	200,000	260,750
Other receivables	89,724	67,566
Current Availability of Financial Assets	<u>\$ 9,488,767</u>	<u>\$ 6,460,735</u>

Note 4—Investments and Fair Value Measurements

As of June 30, 2024 and 2023, the fair value of investments consists of the following:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
US Treasuries	\$ 6,171,610	\$ 6,228,944	\$	\$
Mutual funds			137,154	132,892
Totals	<u>\$ 6,171,610</u>	<u>\$ 6,228,944</u>	<u>\$ 137,154</u>	<u>\$ 132,892</u>

Net investment income for the years ended June 30, 2024 and 2023, all recorded in net assets without donor restrictions, consists of the following:

	<u>2024</u>	<u>2023</u>
Unrealized investment gains	\$ 61,596	\$ 194
Realized investment gains	25,778	244
Investment Return, Net	<u>87,374</u>	<u>438</u>
Interest and dividend income	321,462	218,057
Total Investment Return	<u>\$ 408,836</u>	<u>\$ 218,495</u>

Puente de la Costa Sur
Notes to Financial Statements—Continued

Note 4—Investments and Fair Value Measurements—Continued

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, 2024 and 2023.

Fair values of assets measured on a recurring basis at June 30, 2024 and 2023 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
2024:				
US Treasuries	\$ 6,228,944	\$	\$ 6,228,944	\$
Totals	\$ 6,228,944	\$	\$ 6,228,944	\$
2023:				
Mutual funds	\$ 132,892	\$ 132,892	\$	\$
Totals	\$ 132,892	\$ 132,892	\$	\$

Puente de la Costa Sur
Notes to Financial Statements—Continued

Note 5—Net Assets

Net assets with donor restrictions for the years ended June 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Puente Housing Solutions	\$ 893,487	\$ 431,086
Education Program	276,985	297,273
Community Mental Health Program	230,145	226,250
Advocacy Program	130,266	114,657
Scholarship Program	83,637	339,660
Community Health Program	45,823	97,017
Community Development Program	33,550	236,135
Development Program	43,808	918,207
General support	37,769	
Total Subject to Expenditure for Specified Purpose	1,775,470	2,660,285
Subject to time restrictions:		
General support	200,000	208,723
Community Development Program		49,806
Education Program		25,000
Total Subject to Time Restrictions	200,000	283,529
Total Net Assets With Donor Restrictions	\$ 1,975,470	\$ 2,943,814

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, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Satisfaction of purpose restrictions:		
Community Health Program	\$ 512,676	\$ 351,530
Education Program	480,768	1,183,375
General support	409,951	599,902
Community Development Program	401,871	522,463
Advocacy	353,434	
Development Program	232,327	275,067
Community Mental Health Program	198,753	249,664
Scholarship Program	82,000	56,997
Emergency Relief Programs		
COVID Relief		15,109
Winter Storm Relief		166,804
HMB Community Fund		57,201
Fire Relief		112,490
Total Satisfaction of Purpose Restrictions	<u>2,671,780</u>	<u>3,590,602</u>
Satisfaction of passage of time:		
General support	208,723	42,027
Total Satisfaction of Time Restrictions	<u>208,723</u>	<u>42,027</u>
Total Net Assets Released from Donor Restrictions	<u>\$ 2,880,503</u>	<u>\$ 3,632,629</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, 2024 and 2023, 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>2024</u>	<u>2023</u>
Occupancy	\$ 13,800	\$ 10,800
Materials and supplies	8,675	14,560
Food supplies	1,288	550
Totals	<u>\$ 23,763</u>	<u>\$ 25,910</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 is 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.

Puente de la Costa Sur
Notes to Financial Statements—Continued

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.

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 \$122,090 and \$94,561, respectively, for the years ended June 30, 2024 and 2023.

Note 9—Subsequent Events

During the year ended June 30, 2024, as part of exploring housing solutions for the South Coast, Puente de la Costa Sur entered into a contingent purchase agreement for a property in Pescadero, California, with a purchase price of approximately \$3,000,000. Subsequent to year end, Puente de la Costa Sur completed the purchase of the property in July 2024 for \$2,912,500.

Management evaluated all activities of Puente de la Costa Sur through January 23, 2025, which is the date the financial statements were available to be issued, and concluded that, other than the purchase described in Note 9, above, no other 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, 2024**

Program Title	Grant Number	Grant Amount	Grant Period	Amount Expended
Core Agency Services to At Risk and Homeless Residents	079382	\$ 691,414	7/1/22-6/30/25	\$ 233,127
First Five grant for Suenos Unidos Parent Participatory Preschool	-	200,000	7/1/23-6/30/25	100,000
Health Care for the Homeless/Farmworker Health Program	CSM-HCH/FW (4563-132)	591,226	7/1/21-12/31/24	179,613
Promoter to Low Income, Hard-to-Reach Residents of the South Coast Communities	2468422C00213	183,912	7/1/23-6/30/24	183,912
Project Success and Mindfulness-Based Substance Use Treatment	Agreement 079732	979,906	7/1/21-6/30/24	327,628
Trauma Informed Youth	Agreement 079732	95,825	7/1/21-3/31/24	32,142
CSM-MHSA	Caminar Pass Througn	9,556	7/1/23-6/30/24	9,556
CSM Measure K	079678	50,000	6/13/23-1/31/24	50,000
CSM Expanding Covid-19 Vaccination Award (ECV)	-	9,821	12/1/22-12/31/23	454
Total Expenditures of County of San Mateo Awards				<u>\$ 1,116,432</u>

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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, 2024, 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 23, 2025.

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.

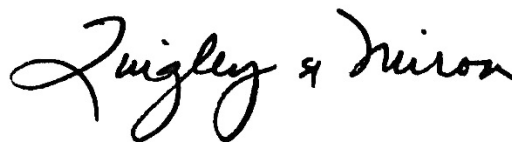
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not 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.

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

Los Angeles, California
January 23, 2025