

**CORO NORTHERN CALIFORNIA, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2018**

**CORO NORTHERN CALIFORNIA, INC.**  
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**June 30, 2018**

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A Division of SingerLewak

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Coro Northern California, Inc.

We have audited the accompanying financial statements of Coro Northern California, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements (collectively, 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 audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Organization as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Organization's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 26, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*SingerLewak LLP*

November 5, 2018

# CORO NORTHERN CALIFORNIA, INC.

## STATEMENT OF FINANCIAL POSITION

June 30, 2018

(Comparative Information at June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 784,377	\$ 649,648
Investments	235,301	233,966
Receivables	466,448	161,589
Prepaid expenses	12,885	14,290
Total current assets	<u>1,499,011</u>	<u>1,059,493</u>
<b>Noncurrent assets</b>		
Furniture and equipment, net	53,395	61,773
Security deposit	13,165	13,165
Total noncurrent assets	<u>66,560</u>	<u>74,938</u>
Total assets	<u><b>\$ 1,565,571</b></u>	<u><b>\$ 1,134,431</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 39,533	\$ 36,409
Accrued expenses	82,440	49,032
Deferred revenue	509,200	107,500
Capital lease, current portion	8,184	7,627
Total current liabilities	<u>639,357</u>	<u>200,568</u>
<b>Noncurrent liabilities</b>		
Capital lease, noncurrent portion	15,788	23,972
Total noncurrent liabilities	<u>15,788</u>	<u>23,972</u>
Total liabilities	<u>655,145</u>	<u>224,540</u>
<b>Net assets</b>		
Unrestricted	439,325	402,640
Temporarily restricted	226,101	262,251
Permanently restricted	245,000	245,000
Total net assets	<u>910,426</u>	<u>909,891</u>
Total liabilities and net assets	<u><b>\$ 1,565,571</b></u>	<u><b>\$ 1,134,431</b></u>

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

**CORO NORTHERN CALIFORNIA, INC.****STATEMENT OF ACTIVITIES**

Year Ended June 30, 2017

(Summarized Comparative Information for the Year Ended June 30, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2018</u>	<u>Total 2017</u>
<b>Support and revenue</b>					
Support					
Grants and contributions	\$ 366,415	\$ 3,000	\$ -	\$ 369,415	\$ 222,863
	<u>366,415</u>	<u>3,000</u>	<u>-</u>	<u>369,415</u>	<u>222,863</u>
Revenue					
Contract service fees	1,390,520	-	-	1,390,520	716,675
Placement fees	129,850	-	-	129,850	150,200
Tuition	48,158	-	-	48,158	25,944
Acceptance fees	5,652	-	-	5,652	6,176
Investment income (loss)	8,397	-	-	8,397	13,700
	<u>1,582,577</u>	<u>-</u>	<u>-</u>	<u>1,582,577</u>	<u>912,695</u>
Fundraising events					
Revenue from special events	206,604	-	-	206,604	330,237
Costs of direct benefits to donors	(60,805)	-	-	(60,805)	(56,124)
	<u>145,799</u>	<u>-</u>	<u>-</u>	<u>145,799</u>	<u>274,113</u>
Net assets released from restriction					
Satisfaction of program restrictions	39,150	(39,150)	-	-	-
	<u>2,133,941</u>	<u>(36,150)</u>	<u>-</u>	<u>2,097,791</u>	<u>1,409,671</u>
<b>Total support and revenue</b>					
	<u>2,133,941</u>	<u>(36,150)</u>	<u>-</u>	<u>2,097,791</u>	<u>1,409,671</u>
<b>EXPENSES</b>					
Program services					
Contracts	1,028,918	-	-	1,028,918	516,378
Fellows	446,737	-	-	446,737	461,260
Exploring Leadership	87,718	-	-	87,718	144,500
Women's Programs	52,606	-	-	52,606	-
Recruitment	38,883	-	-	38,883	30,709
Supporting services					
General and administrative	166,951	-	-	166,951	170,574
Fundraising	275,443	-	-	275,443	176,827
Total expenses	<u>2,097,256</u>	<u>-</u>	<u>-</u>	<u>2,097,256</u>	<u>1,500,248</u>
<b>Change in net assets</b>	36,685	(36,150)	-	535	(90,577)
<b>Net assets, beginning of year</b>	<u>402,640</u>	<u>262,251</u>	<u>245,000</u>	<u>909,891</u>	<u>1,000,468</u>
<b>Net assets, end of year</b>	<u>\$ 439,325</u>	<u>\$ 226,101</u>	<u>\$ 245,000</u>	<u>\$ 910,426</u>	<u>\$ 909,891</u>

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

**CORO NORTHERN CALIFORNIA, INC.**

**Statement of Functional Expenses**

**Year Ended June 30, 2017**

**(Summarized Comparative Information for the Year Ended June 30, 2016)**

	Program Services					Supporting Services			Total 2018	Total 2017	
	Contracts	Fellows	Exploring Leadership	Women's Programs	Recruitment	Total Program	General and Administrative	Fund- raising			Total Supporting
Salaries	\$ 316,401	\$ 199,254	\$ 47,982	\$ 30,588	\$ -	\$ 594,225	\$ 100,233	\$ 173,608	\$ 273,841	\$ 868,066	\$ 640,655
Payroll taxes	24,544	16,175	4,120	2,690	-	47,529	7,712	13,788	21,500	69,029	48,589
Employee benefits	29,531	22,353	6,383	2,914	-	61,181	11,299	20,935	32,234	93,415	62,234
Total personnel costs	370,476	237,782	58,485	36,192	-	702,935	119,244	208,331	327,575	1,030,510	751,478
Contract services	439,867	7,657	392	214	12,833	460,963	1,762	16,535	18,297	479,260	289,939
Travel, lodging and conferences	115,737	8,903	1,702	44	5	126,391	1,437	2,011	3,448	129,839	52,174
Fellows stipends and insurance	-	121,501	6,720	-	-	128,221	-	-	-	128,221	144,070
Rent and occupancy	32,380	24,114	9,875	3,313	-	69,682	9,388	17,119	26,507	96,189	91,723
Miscellaneous	10,745	8,873	722	4,328	25,246	49,914	8,082	10,278	18,360	68,274	29,694
Program related expenses	13,434	17,783	4,209	5,825	-	41,251	167	304	471	41,722	32,545
Professional fees	19,276	-	-	-	-	19,276	16,647	-	16,647	35,923	33,956
Telecommunication	7,300	4,691	1,182	645	-	13,818	1,826	3,330	5,156	18,974	13,685
Depreciation	6,152	4,632	1,167	636	-	12,587	1,803	3,288	5,091	17,678	17,159
Dues and subscriptions	4,990	3,806	1,036	526	46	10,404	2,171	3,540	5,711	16,115	9,025
Insurance	3,173	2,389	602	328	-	6,492	930	1,696	2,626	9,118	8,833
Office supplies	2,075	2,063	1,053	242	4	5,437	606	1,709	2,315	7,752	9,841
Equipment rental	2,211	1,665	419	229	-	4,524	648	1,182	1,830	6,354	5,309
Printing	755	732	117	64	749	2,417	179	3,382	3,561	5,978	5,950
Postage	347	146	37	20	-	550	71	2,738	2,809	3,359	2,358
Interest expense	-	-	-	-	-	-	1,990	-	1,990	1,990	2,509
<b>Total expenses</b>	<b>\$ 1,028,918</b>	<b>\$ 446,737</b>	<b>\$ 87,718</b>	<b>\$ 52,606</b>	<b>\$ 38,883</b>	<b>\$ 1,654,862</b>	<b>\$ 166,951</b>	<b>\$ 275,443</b>	<b>\$ 442,394</b>	<b>\$ 2,097,256</b>	<b>\$ 1,500,248</b>

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

**CORO NORTHERN CALIFORNIA, INC.**  
**STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2017**  
**(Comparative Information at June 30, 2016)**

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 535	\$ (90,577)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	17,678	17,159
Donated stock	-	(6,741)
Realized loss on sale of investments	(1,844)	3
Unrealized (gain) loss on investments	(2,230)	(9,663)
Change in operating assets and liabilities		
Receivables	(304,859)	(102,444)
Prepaid expenses	1,405	(3,824)
Security deposit	-	-
Accounts payable	3,124	(2,875)
Accrued expenses	33,408	4,457
Deferred revenue	401,700	(49,500)
Net cash provided (used) by operating activities	<u>148,917</u>	<u>(244,005)</u>
<b>Cash flows from investing activities</b>		
Purchases of investments	(96,326)	(4,001)
Proceeds from sale of Investments	99,065	2,902
Purchases of furniture and equipment	(9,300)	(11,621)
Net cash used by investing activities	<u>(6,561)</u>	<u>(12,720)</u>
<b>Cash flows from financing activities</b>		
Principal paid on capital lease	(7,627)	(7,108)
Net cash used by financing activities	<u>(7,627)</u>	<u>(7,108)</u>
<b>Net change in cash and cash equivalents</b>	134,729	(263,833)
<b>Cash and cash equivalents, beginning of year</b>	<u>649,648</u>	<u>913,481</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 784,377</u>	<u>\$ 649,648</u>
<b>Supplemental disclosures</b>		
Cash paid for interest:	<u>\$ 1,990</u>	<u>\$ 2,509</u>

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



**CORO NORTHERN CALIFORNIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

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**NOTE 1 – ORGANIZATION**

Coro Northern California, Inc. (“Coro”) is a nonprofit organization that provides experiential training to groups of diverse leaders at different stages of their professional development. Coro’s programs put participants on the path to self discovery and continual learning. Coro training programs include: The Fellows Program in Public Affairs, Exploring Leadership, and Women in Leadership.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES**

Basis of Accounting

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Money market funds not used in operations are considered investments.

Investments

Investments are recorded at fair value. Gains and losses on fair value adjustments are recognized as the market fluctuates.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. No allowance for doubtful accounts is necessary as the amounts were all collected after year end.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 are capitalized. Property and Equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Amortization of assets held under capital leases is included with depreciation expense.

**CORO NORTHERN CALIFORNIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Restricted and Unrestricted Revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated using consistent allocation percentages which management believes reflect actual time spent by employees or benefits received from expenditures.

Income Taxes

Coro is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. In addition, Coro qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Coro recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Coro does not believe its financial statements include any uncertain tax positions.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual events and 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. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Recent Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions”, and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Organization is currently evaluating the impact the adoption of this guidance will have on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Organization is currently evaluating the impact of its pending adoption of the new standard on the financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

**CORO NORTHERN CALIFORNIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

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**NOTE 3 – FINANCIAL INSTRUMENTS AND CREDIT RISK**

Coro manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members, governmental agencies, and foundations supportive of our mission. Investments are made by an investment manager whose performance is monitored by the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Board believes that the investment policies and guidelines are prudent for the long-term welfare of the organization.

**NOTE 4 – INVESTMENTS**

Equity funds	\$ 120,498
Exchange traded funds	74,773
Bond funds	29,909
REIT	7,037
Money market fund	<u>3,084</u>
<b>Total</b>	<b>\$ <u>235,301</u></b>

For the year ended June 30, 2018, investment income is comprised of the following:

Dividend and interest income on investments	\$ 6,520
Realized gain on investments	1,844
Unrealized gain on investments	2,230
Investment advisor fees	<u>(2,349)</u>
Net investment income on investments	8,245
Interest income on savings accounts	<u>152</u>
<b>Net investment income</b>	<b>\$ <u>8,397</u></b>

The estimated fair value shown above has been determined in accordance with the hierarchy in U.S. GAAP and reflects Level 1 Valuations, which are based on quoted market prices in active markets for identical asset and liabilities.

**NOTE 5 – FURNITURE AND EQUIPMENT**

Office furniture and computer equipment	\$ 115,317
Accumulated depreciation	<u>(61,922)</u>
<b>Furniture and Equipment, Net</b>	<b>\$ <u>53,395</u></b>

**CORO NORTHERN CALIFORNIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

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**NOTE 6 – CAPITAL LEASE**

Coro leases office furniture under a capital lease. The economic substance of the lease is that Coro is financing the acquisition of the asset through the lease, and, accordingly, it is recorded in the assets and liabilities of Coro. The lease agreement contains a bargain purchase option at the end of the term. Following is an analysis of the leased equipment:

Office furniture	\$ 40,655
Accumulated depreciation	<u>(18,972)</u>
Net book value	\$ <u>21,683</u>

Following is a schedule of minimum lease payments:

<u>Years Ending June 30,</u>	
2019	\$ 9,617
2020	9,617
2021	<u>7,213</u>
Total payments	26,447
Less: amount representing interest	<u>(2,475)</u>
Present value of minimum lease payments	\$ <u>23,972</u>

**NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS**

	<b>Beginning</b>	<b>Additions</b>	<b>Released</b>	<b>Ending</b>
Restricted for:				
Public Affairs Fellowship	\$ 214,780	\$ -	\$ 22,400	\$ 192,380
Scholarships	<u>47,471</u>	<u>3,000</u>	<u>16,750</u>	<u>33,721</u>
<b>Total</b>	<b>\$ <u>262,251</u></b>	<b>\$ <u>3,000</u></b>	<b>\$ <u>39,150</u></b>	<b>\$ <u>226,101</u></b>

**CORO NORTHERN CALIFORNIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

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**NOTE 8 – PERMANENTLY RESTRICTED NET ASSETS**

Permanently Restricted Net Assets include the following:	
Pacelli, Veneman and Luchetta Funds (Scholarships)	\$ 105,000
Ross and Guggenhime Funds (General Support)	<u>140,000</u>
<b>Total</b>	<b>\$ <u>245,000</u></b>

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors of Coro has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The last addition to the endowment funds was prior to July 1, 2004.

Coro has invested its Permanently Restricted Net Assets in money market accounts. Use of the earnings of the funds is annually allocated as part of the budget process.

**NOTE 9 – OPERATING LEASES**

Coro leases its office under an agreement expiring February 2021 and a copier under an agreement expiring July 2021. The total rental expense under these operating leases was \$98,394 during the year ended June 30, 2018. Future minimum lease payments as of June 30, 2018 are:

<u>Years Ending June 30,</u>	
2019	\$ 97,431
2020	99,945
2021	64,445
2022	<u>1,055</u>
<b>Total</b>	<b>\$ <u>262,876</u></b>

**NOTE 10 – RETIREMENT PLAN**

Coro has a defined contribution plan covering substantially all its employees who have completed 1,000 or more hours of service in one year. The Plan requires employer contributions at established percentages, based on participants' compensation. Total employer contributions of \$30,137 were made during the year ended June 30, 2018.

**NOTE 11 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 5, 2018, the date which the financial statements were available to be issued, and determined no reportable events occurred.