

**CORO NORTHERN CALIFORNIA, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**

**CORO NORTHERN CALIFORNIA, INC.**  
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**June 30, 2019**

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## 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, 2019, 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, 2019, 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.

## **Change in Accounting Principle**

As discussed in Note 3 to the financial statements, the Organization adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended June 30, 2019. Our opinion is not modified with respect to this matter.

## **Report on Summarized Comparative Information**

We have previously audited the Organization's 2018 financial statements, and our report dated November 8, 2018, expressed an unmodified opinion on those audited financial statements in. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*SingerLewak LLP*

October 18, 2019

# CORO NORTHERN CALIFORNIA, INC.

## STATEMENT OF FINANCIAL POSITION

June 30, 2019

(Comparative Information at June 30, 2018)

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 620,816	\$ 784,377
Investments	238,979	235,301
Receivables (net of allowances of \$43,334 and \$0)	585,154	466,448
Prepaid expenses	6,850	12,885
Total current assets	<u>1,451,799</u>	<u>1,499,011</u>
<b>Noncurrent assets</b>		
Furniture and equipment, net	32,956	53,395
Security deposit	13,165	13,165
Total noncurrent assets	<u>46,121</u>	<u>66,560</u>
Total assets	<u><b>\$ 1,497,920</b></u>	<u><b>\$ 1,565,571</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 125,267	\$ 39,533
Accrued expenses	65,845	82,440
Deferred revenue	375,903	509,200
Capital lease, current portion	8,782	8,184
Total current liabilities	<u>575,797</u>	<u>639,357</u>
<b>Noncurrent liabilities</b>		
Capital lease, noncurrent portion	7,005	15,788
Total noncurrent liabilities	<u>7,005</u>	<u>15,788</u>
Total liabilities	<u>582,802</u>	<u>655,145</u>
<b>Net assets</b>		
Net assets without donor restrictions	489,892	439,325
Net assets with donor restrictions	425,226	471,101
Total net assets	<u>915,118</u>	<u>910,426</u>
Total liabilities and net assets	<u><b>\$ 1,497,920</b></u>	<u><b>\$ 1,565,571</b></u>

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

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

Year Ended June 30, 2019

(Summarized Comparative Information for the Year Ended June 30, 2018)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2019</b>	<b>Total 2018</b>
<b>Support and revenue</b>				
Support				
Grants and contributions	\$ 366,743	\$ 1,000	\$ 367,743	\$ 369,415
	<u>366,743</u>	<u>1,000</u>	<u>367,743</u>	<u>369,415</u>
Revenue				
Contract service fees	2,103,945	-	2,103,945	1,390,520
Placement fees	106,550	-	106,550	129,850
Tuition	86,569	-	86,569	48,158
Miscellaneous income	2,952	-	2,952	5,652
Investment income	1,813	-	1,813	8,397
	<u>2,301,829</u>	<u>-</u>	<u>2,301,829</u>	<u>1,582,577</u>
Fundraising events				
Revenue from special events	223,092	-	223,092	206,604
Costs of direct benefits to donors	(46,760)	-	(46,760)	(60,805)
	<u>176,332</u>	<u>-</u>	<u>176,332</u>	<u>145,799</u>
Net assets released from restriction				
Satisfaction of program restrictions	46,875	(46,875)	-	-
	<u>2,891,779</u>	<u>(45,875)</u>	<u>2,845,904</u>	<u>2,097,791</u>
<b>EXPENSES</b>				
Program services	2,368,877	0	2,368,877	1,654,862
Supporting services	472,335	-	472,335	442,394
Total expenses	<u>2,841,212</u>	<u>-</u>	<u>2,841,212</u>	<u>2,097,256</u>
<b>Change in net assets</b>	50,567	(45,875)	4,692	535
<b>Net assets, beginning of year</b>	<u>439,325</u>	<u>471,101</u>	<u>910,426</u>	<u>909,891</u>
<b>Net assets, end of year</b>	<u>\$ 489,892</u>	<u>\$ 425,226</u>	<u>\$ 915,118</u>	<u>\$ 910,426</u>

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

**CORO NORTHERN CALIFORNIA, INC.**

**Statement of Functional Expenses**

**Year Ended June 30, 2019**

**(Summarized Comparative Information for the Year Ended June 30, 2018)**

	Program Services					Supporting Services			Total 2019	Total 2018
	Contracts	Fellows	Exploring Leadership	Women's Programs	Total Program	General and Administrative	Development	Total Supporting		
Salaries	\$ 527,822	\$ 220,822	\$ 81,261	\$ 57,091	\$ 886,996	\$ 212,239	\$ 82,822	\$ 295,061	\$ 1,182,057	\$ 868,066
Payroll taxes	43,537	18,275	6,794	4,589	73,195	13,124	5,851	18,975	92,170	69,029
Employee benefits	46,711	22,420	9,080	5,816	84,027	16,163	6,968	23,131	107,158	93,415
Total personnel costs	618,070	261,517	97,135	67,496	1,044,218	241,526	95,641	337,167	1,381,385	1,030,510
Contract services	536,077	19,636	312	120	556,145	31,504	3,235	34,739	590,884	479,260
Travel, lodging and conferences	279,312	7,763	1,475	251	288,801	1,041	1,188	2,229	291,030	129,839
Fellows stipends and insurance	10,200	141,040	18,210	450	169,900	-	-	-	169,900	128,221
Miscellaneous	31,109	22,483	2,964	3,206	59,762	16,297	13,912	30,209	89,971	68,274
Rent and occupancy	47,297	20,891	8,164	4,636	80,988	12,662	5,422	18,084	99,072	96,189
Events	-	8,340	-	610	8,950	-	51,959	51,959	60,909	60,805
Professional fees	49,669	-	-	-	49,669	9,441	-	9,441	59,110	35,923
Program related expenses	15,965	3,988	7,385	12,319	39,657	587	251	838	40,495	41,722
Dues and subscriptions	7,409	4,676	1,449	823	14,357	3,117	8,725	11,842	26,199	16,115
Telecommunication	8,417	4,252	1,654	939	15,262	2,565	1,098	3,663	18,925	18,974
Depreciation	7,667	4,040	1,579	896	14,182	2,448	1,048	3,496	17,678	17,678
Office supplies	5,644	3,548	1,115	674	10,981	1,730	1,242	2,972	13,953	7,752
Printing	1,538	1,739	317	180	3,774	491	5,129	5,620	9,394	5,978
Insurance	3,837	2,022	790	448	7,097	1,225	525	1,750	8,847	9,118
Equipment rental	2,628	1,384	541	307	4,860	839	359	1,198	6,058	6,354
Postage	155	69	27	23	274	41	2,414	2,455	2,729	3,359
Interest expense	-	-	-	-	-	1,433	-	1,433	1,433	1,990
Subtotal	\$ 1,624,994	\$ 507,388	\$ 143,117	\$ 93,378	\$ 2,368,877	\$ 326,947	\$ 192,148	\$ 519,095	\$ 2,887,972	\$ 2,158,061
Less: Costs of direct benefits to donors	-	-	-	-	-	-	(46,760)	(46,760)	(46,760)	(60,805)
<b>Total expenses</b>	<b>\$ 1,624,994</b>	<b>\$ 507,388</b>	<b>\$ 143,117</b>	<b>\$ 93,378</b>	<b>\$ 2,368,877</b>	<b>\$ 326,947</b>	<b>\$ 145,388</b>	<b>\$ 472,335</b>	<b>\$ 2,841,212</b>	<b>\$ 2,097,256</b>
Year ended June 30, 2018	<b>\$ 1,028,918</b>	<b>\$ 485,620</b>	<b>\$ 87,718</b>	<b>\$ 52,606</b>	<b>\$ 1,654,862</b>	<b>\$ 166,951</b>	<b>\$ 275,443</b>	<b>\$ 442,394</b>	<b>\$ 2,097,256</b>	

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

# CORO NORTHERN CALIFORNIA, INC.

## STATEMENT OF CASH FLOWS

Year Ended June 30, 2019

(Comparative Information at June 30, 2018)

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 4,692	\$ 535
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	17,678	17,678
Realized (gain) loss on sale of investments	8,366	(1,844)
Unrealized (gain) on investments	(1,863)	(2,230)
Change in operating assets and liabilities		
Receivables	(118,707)	(304,859)
Prepaid expenses	6,035	1,405
Accounts payable	85,734	3,124
Accrued expenses	(16,595)	33,408
Deferred revenue	(133,297)	401,700
Net cash provided (used) by operating activities	<u>(147,957)</u>	<u>148,917</u>
<b>Cash flows from investing activities</b>		
Purchases of investments	(206,363)	(96,326)
Proceeds from sale of Investments	198,944	99,065
Purchases of furniture and equipment	-	(9,300)
Net cash used by investing activities	<u>(7,419)</u>	<u>(6,561)</u>
<b>Cash flows from financing activities</b>		
Principal paid on capital lease	(8,185)	(7,627)
Net cash used by financing activities	<u>(8,185)</u>	<u>(7,627)</u>
<b>Net change in cash and cash equivalents</b>	(163,561)	134,729
<b>Cash and cash equivalents, beginning of year</b>	<u>784,377</u>	<u>649,648</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 620,816</u>	<u>\$ 784,377</u>
<b>Supplemental disclosures</b>		
Cash paid for interest:	<u>\$ 1,433</u>	<u>\$ 1,990</u>

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



**NOTE 1 – ORGANIZATION**

Coro Northern California, Inc. (the “Organization”) 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’s 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 have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Comparative Financial Information

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 2018 financial statements from which the summarized information was derived.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets with Donor Restrictions* – Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Donor-imposed restrictions are reported as increases in net asset with donor restrictions, depending on the nature of the restriction. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource is restricted has been fulfilled, or both.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amounts of asset and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation with no effect on net assets or change in net assets.

Cash and Cash Equivalents

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.

Receivables

Receivables are reported at the amount management expects to collect from balances outstanding at year end. Based on management's assessment of credit history with customers having outstanding balances, and current relationships with them, it was concluded that realization losses on balances outstanding at year end will be immaterial. It is the Organization's policy to charge off uncollectible receivables when management determines the amount will not be collected.

Investments

Investments are recorded at estimated fair value determined in accordance with the hierarchy in U.S. GAAP.

- Level 1 Valuations – Valuations based on quoted market prices in active markets for identical assets and liabilities.
- Level 2 Valuations – Valuations for assets or liabilities traded in less active dealer or broker markets, or obtained from third party pricing services for identical or similar assets or liabilities.
- Level 3 Valuations – Fair value measurements based on valuation techniques that use significant inputs that are unobservable.

Furniture and Equipment

All acquisitions of property and equipment in excess of \$2,500 are capitalized. 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.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services based on a time study analysis. Accordingly, certain costs have been allocated amount the program and supporting services benefitted.

Income Taxes

The Organization is exempt from income taxes under §501(c)(3) of the Internal Revenue Code and §23701d of the California Revenue and Taxation Code. In addition, the Organization 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).

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

Recent Accounting Pronouncements

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.

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 June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. ASU 2018-08 has different effective dates for resource recipients and resource providers. Where the Organization is a resource provider, ASU 2018-08 is effective for years beginning after December 15, 2019 and interim periods with years beginning after December 15, 2020. Early adoption is permitted. The Organization is currently evaluating the impact of the adoption of this guidance on its financial statements.

**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE**

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.

The Organization adopted ASU 2016-14 during the year ended June 30, 2019 and applied the changes on a retrospective basis with no changes to the net asset classes previously reported.

**CORO NORTHERN CALIFORNIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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**NOTE 4 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 620,816
Investments	238,979
Receivables	<u>585,154</u>
	1,444,950
Less: amounts to meet donor restrictions	<u>(425,226)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 \$ <u>1,019,724</u>

**NOTE 5 – 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 6 – INVESTMENTS**

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equity funds	\$ 103,194	\$ -	\$ 103,194
Bond funds	-	72,012	72,012
Exchange traded funds	59,145	-	59,145
Money market fund	<u>4,628</u>	<u>-</u>	<u>4,628</u>
 <b>Total</b>	 <b>\$ <u>166,967</u></b>	 <b>\$ <u>72,012</u></b>	 <b>\$ <u>238,979</u></b>

**CORO NORTHERN CALIFORNIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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**NOTE 7 – FURNITURE AND EQUIPMENT**

Office furniture and computer equipment	\$ 110,959
Accumulated depreciation	<u>(78,003)</u>
<b>Furniture and Equipment, Net</b>	<b>\$ <u>32,956</u></b>

**NOTE 8 – 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>(27,103)</u>
Net book value	<b>\$ <u>13,552</u></b>

Following is a schedule of minimum lease payments:

<u>Years Ending June 30,</u>	
2020	\$ 9,617
2021	<u>7,213</u>
Total payments	16,830
Less: amount representing interest	<u>(1,043)</u>
Present value of minimum lease payments	<b>\$ <u>15,787</u></b>

**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS**

	<b>Beginning</b>	<b>Additions</b>	<b>Released</b>	<b>Ending</b>
Restricted for purpose:				
Public Affairs Fellowship	\$ 179,780	\$ -	\$ 35,000	\$ 144,780
Scholarships	<u>46,321</u>	<u>1,000</u>	<u>11,875</u>	<u>35,446</u>
<b>Total</b>	<b>\$ <u>226,101</u></b>	<b>\$ <u>1,000</u></b>	<b>\$ <u>46,875</u></b>	180,226

Net assets restricted in perpetuity include the following:

Pacelli, Veneman and Luchetta Funds (Scholarships)	105,000
Ross and Guggenhime Funds (General Support)	<u>140,000</u>

**Total net assets with donor restrictions** **\$ 425,226**

**CORO NORTHERN CALIFORNIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

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 Net Assets Restricted in Perpetuity in money market accounts. Use of the earnings of the funds is annually allocated as part of the budget process.

**NOTE 10 – LEASE COMMITMENTS**

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 \$105,130 during the year ended June 30, 2019. Future minimum lease payments as of June 30, 2019 are:

<u>Years Ending June 30,</u>	
2020	\$ 99,945
2021	64,445
2022	<u>1,055</u>
<b>Total</b>	<b>\$ <u>165,445</u></b>

**NOTE 11 – 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 \$34,216 were made during the year ended June 30, 2019.

**NOTE 12 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 18, 2019, the date which the financial statements were available to be issued, and determined no reportable events occurred.