

**CORO NORTHERN CALIFORNIA**  
**(A NONPROFIT PUBLIC BENEFIT CORPORATION)**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

July 7, 2021

Board of Directors  
Coro Northern California  
San Francisco, California

I have audited the accompanying financial statements of Coro Northern California (a nonprofit public benefit corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

Board of Directors  
Coro Northern California  
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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coro Northern California as of June 30, 2020, 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.

*Healy and Associates*  
Healy and Associates  
Concord, California

**CORO NORTHERN CALIFORNIA**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 1,552,172
Investments	238,989
Accounts and grants receivable	187,764
Prepaid expenses	<u>9,485</u>

TOTAL CURRENT ASSETS 1,988,410

Property and equipment, net	15,926
Deposits	<u>13,165</u>

TOTAL ASSETS \$ 2,017,501

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 127,893
Deferred revenue	770,159
Capital lease payable	<u>7,005</u>

TOTAL CURRENT LIABILITIES 905,057

PPP loan payable	<u>228,000</u>
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TOTAL LIABILITIES 1,133,057

**COMMITMENTS AND CONTINGENCIES**

**NET ASSETS**

Without donor restrictions	464,218
With donor restrictions	<u>420,226</u>

TOTAL NET ASSETS 884,444

TOTAL LIABILITIES AND NET ASSETS \$ 2,017,501

**CORO NORTHERN CALIFORNIA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Support:			
Grants, awards, and contributions	\$ 544,423	\$ -	\$ 544,423
Total Support	<u>544,423</u>	<u>-</u>	<u>544,423</u>
Revenue:			
Contract service fees	1,712,137	-	1,712,137
Project fees	147,500	-	147,500
Tuition	154,999	-	154,999
Investment income	3,826	-	3,826
Other income	3,607	-	3,607
Total Revenue	<u>2,022,069</u>	<u>-</u>	<u>2,022,069</u>
Net assets released from restriction	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
Total Revenue and Support	<u>2,571,492</u>	<u>(5,000)</u>	<u>2,566,492</u>
<b>EXPENSES</b>			
Program Services	1,999,262	-	1,999,262
General and Administrative	326,151	-	326,151
Fundraising	271,753	-	271,753
Total Expenses	<u>2,597,166</u>	<u>-</u>	<u>2,597,166</u>
Change in net assets	(25,674)	(5,000)	(30,674)
NET ASSETS, beginning of year	<u>489,892</u>	<u>425,226</u>	<u>915,118</u>
NET ASSETS, end of year	<u>\$ 464,218</u>	<u>\$ 420,226</u>	<u>\$ 884,444</u>

See Notes to Financial Statements

**CORO NORTHERN CALIFORNIA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

	Program Services	General and Administrative	Fundraising	Total
EXPENSES:				
Salaries	\$ 854,472	\$ 155,265	\$ 165,022	\$ 1,174,759
Contract services	445,913	96,045	22,824	564,782
Stipends	172,699	-	-	172,699
Employee benefits	93,036	13,031	15,476	121,543
Rent	73,781	11,505	12,741	98,027
Payroll taxes	64,471	11,118	12,020	87,609
Travel, lodging, and conferences	85,085	157	419	85,661
Miscellaneous	31,575	17,793	11,538	60,906
Program expenses	58,038	366	405	58,809
Professional fees	47,250	10,275	-	57,525
Dues and subscriptions	15,780	2,843	11,030	29,653
Events	9,445	-	8,541	17,986
Telecommunications	13,232	2,057	2,279	17,568
Depreciation	12,815	1,999	2,216	17,030
Insurance	8,647	1,042	1,156	10,845
Equipment rental/maintenance	4,958	776	858	6,592
Office supplies	4,824	715	992	6,531
Printing and copying	2,464	241	3,517	6,222
Postage and shipping	777	88	719	1,584
Interest	-	835	-	835
	<u>\$ 1,999,262</u>	<u>\$ 326,151</u>	<u>\$ 271,753</u>	<u>\$ 2,597,166</u>

**CORO NORTHERN CALIFORNIA**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2020**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ (30,674)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	17,030
Unrealized loss	1,699
<b>CHANGES IN ASSETS AND LIABILITIES:</b>	
Accounts and grants receivable	397,390
Prepaid expenses	(2,635)
Accounts payable and accrued expenses	(63,219)
Deferred revenue	<u>394,256</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>713,847</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Increase in investments	<u>(1,709)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,709)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Payments on capital lease	(8,782)
PPP loan proceeds	<u>228,000</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>219,218</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	931,356
CASH AND CASH EQUIVALENTS, beginning of year	<u>620,816</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 1,552,172</u></u>
<b>SUPPLEMENTAL INFORMATION</b>	
Interest paid	<u><u>\$ 835</u></u>

See Notes to Financial Statements



**CORO NORTHERN CALIFORNIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

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**NOTE A – NATURE OF ACTIVITIES**

Coro Northern California (Organization) is a California nonprofit public benefit corporation, established in 1990, located in San Francisco. The Organization's mission is to train, support, and connect leaders to foster a thriving democracy and tackle society's biggest challenges together. The training programs include: The Fellows Program in Public Affairs, Exploring Leadership, and Women in Leadership.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Accounting Method and Basis of Presentation**

The accounting records of the Organization are maintained on the accrual basis of accounting. The financial statements of the Organization have been prepared in accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and 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; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

**Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Organization is supported primarily through fees, grants, and contributions.

Revenues from contracts where an exchange transaction exists are recognized when the Organization renders the services stipulated in the contract. Fees received in advance are deferred and recognized when services have been provided.

In accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months, which are neither held for nor restricted by donors for long term purposes. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Accounts and Grants Receivable

Accounts and grants receivable consist primarily of contract revenue receivable and unconditional promises to give to be collected within the next year at net realizable value. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Management has determined no allowance for doubtful accounts is necessary at June 30, 2020.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Acquisitions of property and equipment or repairs, maintenance, or betterments that materially prolong the useful lives of assets in excess of \$2,500 are capitalized. Depreciation on property and equipment is computed using the straight-line method over the estimated lives of the asset, generally five to seven years.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The Organization's financial instruments include cash and cash equivalents (Level 1). The carrying amount of these financial instruments has been estimated by management to approximate fair value. Fair value is defined as "the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date." When determining the inputs used to measure fair value, the highest priority is given to observable inputs and lowest priority is given to unobservable inputs. ASC 820-10, *Fair Value Measurement*, establishes a fair value hierarchy to prioritize the inputs used in measuring fair value. The fair value hierarchy is categorized into three levels based on the inputs as follows:

**Level 1**— Quoted prices for identical assets in active markets.

**Level 2**—Observable inputs other than Level 1, which include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.

**Level 3**—Unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets.

Functional Allocation of Expenses

The costs of program activities and supporting services have been summarized on a functional basis in the statement of functional expenses. The statement presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect costs such as general and administrative expenses include costs that are not directly identifiable with any specific program, but which provide the overall support and direction of the Organization. Such expenses which are common to multiple functions have been allocated among the various functions benefited based on time and effort spent in the area or on the space used.

Tax Exemption Status

The Organization has received exempt status under section 501(c)(3) of the Internal Revenue Code, and Section 23701(d) of the State of California Revenue and Taxation Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS along with related state filings. The related tax returns are subject to examination by federal and state taxing authorities generally for three years after they are filed. The Organization has no unrelated business income, and management has analyzed tax positions taken and has concluded that, as of June 30, 2020, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Newly Adopted Accounting Principles

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance applies to all organizations that receive or make contributions. The ASU includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. ASU 2018-08 also provides a framework to determine whether a contribution is conditional or unconditional, which may impact the timing of revenue recognition. Under the new guidance, if a transaction is considered an exchange transaction, it is accounted for under the applicable revenue recognition standards. The Organization adopted the standard on July 1, 2019. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows.

Relevant Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which requires organizations to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the organization expects to be entitled to in exchange for those goods and services. The Organization plans to adopt the standard on July 1, 2020. The Organization is currently evaluating the impact of adopting this new guidance on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). ASU 2016-02 establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the statement of financial position as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. ASU 2016-02 is effective for financial statements issued for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption is permitted. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The Organization is currently evaluating the impact of adopting this new guidance on its financial statements.

**CORO NORTHERN CALIFORNIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

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**NOTE C – CONCENTRATIONS**

**Cash Deposits**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents in a financial institution. Funds on deposit exceeding federally insured limits totaled \$1,306,882 at June 30, 2020. It is the opinion of management that the solvency of the referenced financial institution is not of particular concern at this time.

**Support and Revenue**

The Organization received approximately 28% of its funding from one funder. The loss of such funding could have a significant impact on the Organization's future ability to continue its operations.

**Accounts and Grants Receivable**

The Organization's accounts and grants receivable have a concentration of credit risk at June 30, 2020, as 39% are due from three funders (19%, 10% and 10%).

**NOTE D – INVESTMENTS**

The Organization's investments, measured for fair value on a recurring basis, based on their Level 1 fair value hierarchy at June 30, 2020, are comprised of the following:

Cash held in investment account	\$ 3,238
Bond funds	74,637
Equity funds	103,219
Exchange traded funds	57,895
Total investments	<u>\$ 238,989</u>

Investment activity for the year ended June 30, 2020 is as follows:

Investments, beginning of year	\$ 238,979
Deposits	1,256
Interest and dividends	7,770
Fee	(2,370)
Realized loss	(2,434)
Withdrawals	(2,513)
Unrealized loss on investment	(1,699)
Investments, end of year	<u>\$ 238,989</u>

**CORO NORTHERN CALIFORNIA**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020

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**NOTE E – PROPERTY AND EQUIPMENT**

At June 30, 2020, property and equipment consist of the following:

Furniture and equipment	\$110,959
Less: Accumulated Depreciation	<u>(95,033)</u>
Total property and equipment	<u>\$ 15,926</u>

Depreciation expense for the year ended June 30, 2020 was \$17,030.

**NOTE F – PPP GRANT PAYABLE**

In April 2020, the Organization received \$228,000 from the Payroll Protection Program, offered through the Small Business Administration, in response to COVID-19. The PPP carries an interest rate of 1% and becomes payable two years after issuance. The Organization has recognized the PPP grant payable as a debt instrument in accordance with the FASB issued Accounting Standards Codification (ASC) No. 470, *Debt*, and will recognize revenue when forgiveness is received.

**NOTE G – EMPLOYEE RETIREMENT PLANS AND ACCRUED PTO**

The Organization's employees are entitled to unlimited paid time off. The amount of paid time off liability at June 30, 2020 could not be determined and is thus not reflected in the accompanying financial statements. Paid time off is accounted for in the period it is used.

The Organization offers the opportunity for regular employees to participate in a sponsored 403(b) plan. The Organization matches employee contributions up to a maximum of 5% of their annual salary. The Organization contributed \$47,586 for the year ended June 30, 2020.

**NOTE H – COMMITMENTS**

The Organization leases office space in San Francisco at a rate of approximately \$8,300 per month through March 2021. Rent expense for the year ended June 30, 2020 is \$98,027. In addition, the Organization leases various office equipment at a rate of approximately \$1,050 per month through June 2021. Minimum future lease payments associated with these leases are as follows:

Year Ended June 30	
2021	\$ 87,669

**CORO NORTHERN CALIFORNIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

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**NOTE I – CONTINGENCIES**

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization’s management is of the opinion that the Organization has complied with the terms of all grants.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of non-essential businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. While the Organization has revised operations in light of COVID-19, it remains uncertain as to how this matter will continue to impact its operating results. The related financial impact and duration cannot be reasonably estimated at this time.

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

The Organization had the following activity in net assets with donor restrictions for the year ended June 30, 2020:

<u>Nature of Restriction</u>	<u>6/30/19</u>	<u>Awards</u>	<u>Releases</u>	<u>6/30/20</u>
Purpose restricted:				
Endowment	\$245,000	\$ -	\$ -	\$ 245,000
Scholarship	35,446	-	-	35,446
Public Affairs Fellowship	144,780	-	(5,000)	139,780
Total	<u>\$ 425,226</u>	<u>\$ -</u>	<u>(\$ 5,000)</u>	<u>\$ 420,226</u>

**NOTE K – LIQUIDITY AND AVAILABILITY**

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

Cash	\$ 1,552,172
Accounts and grants receivable	187,764
Investments	238,989
Total financial assets	<u>1,978,925</u>
Less: Net assets with purpose restrictions to be met in one year	<u>(420,226)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,558,699</u>

As part of the Organization’s liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**CORO NORTHERN CALIFORNIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

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**NOTE L – ENDOWMENT**

The Organization has an endowment with funds held in perpetuity as follows:

Pacelli, Veneman, and Luchetta funds (Scholarships)	\$ 105,000
Ross and Guggenhime funds (General Operations)	<u>140,000</u>
Total endowment	<u>\$ 245,000</u>

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 the Organization 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.

The Organization has invested its net asset restricted in perpetuity in money market accounts. Use of the earnings of the funds is annually allocated as part of the budget process.

**NOTE M – SUBSEQUENT EVENTS**

In January 2021, the Organization received formal forgiveness of the \$228,000 in PPP grant payable.

In February 2021, the Organization received a second PPP grant of \$229,800.

Management has evaluated subsequent events for recognition and disclosure through July 7, 2021, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2020 that required recognition or disclosure in the financial statements.