

CORO NORTHERN CALIFORNIA
(A NONPROFIT PUBLIC BENEFIT CORPORATION)

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

April 6, 2022

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, 2021, 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, 2021, 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
Concord, California

CORO NORTHERN CALIFORNIA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,987,183
Investments	284,305
Accounts receivable	280,532
Grants receivable	89,574
Prepaid expenses	<u>3,603</u>

TOTAL CURRENT ASSETS 3,645,197

TOTAL ASSETS \$ 3,645,197

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 152,040
Refundable deposits	2,850
Deferred revenue	3,500
Grant advances	<u>1,950,110</u>

TOTAL CURRENT LIABILITIES 2,108,500

PPP loan payable 229,800

TOTAL LIABILITIES 2,338,300

COMMITMENTS AND CONTINGENCIES

NET ASSETS

Without donor restrictions	896,671
With donor restrictions	<u>410,226</u>

TOTAL NET ASSETS 1,306,897

TOTAL LIABILITIES AND NET ASSETS \$ 3,645,197

CORO NORTHERN CALIFORNIA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Support:			
Grants and contributions	\$ 1,476,469	\$ -	\$ 1,476,469
PPP loan forgiveness	228,000	-	228,000
Total Support	<u>1,704,469</u>	<u>-</u>	<u>1,704,469</u>
Revenue:			
Program service fees	729,308	-	729,308
Project fees	158,300	-	158,300
Tuition	90,225	-	90,225
Other income	51,471	-	51,471
Investment income	47,917	-	47,917
Total Revenue	<u>1,077,221</u>	<u>-</u>	<u>1,077,221</u>
Net assets released from restriction	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Total Revenue and Support	<u>2,791,690</u>	<u>(10,000)</u>	<u>2,781,690</u>
EXPENSES			
Program Services	1,793,109	-	1,793,109
General and Administrative	337,760	-	337,760
Fundraising	228,368	-	228,368
Total Expenses	<u>2,359,237</u>	<u>-</u>	<u>2,359,237</u>
Change in net assets	432,453	(10,000)	422,453
NET ASSETS, beginning of year	<u>464,218</u>	<u>420,226</u>	<u>884,444</u>
NET ASSETS, end of year	<u>\$ 896,671</u>	<u>\$ 410,226</u>	<u>\$ 1,306,897</u>

See Notes to Financial Statements

CORO NORTHERN CALIFORNIA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services	General and Administrative	Fundraising	Total
EXPENSES:				
Salaries	\$ 955,484	\$ 150,655	\$ 138,277	\$ 1,244,416
WSN expenses	217,357	-	-	217,357
Stipends	181,450	-	-	181,450
Contract services	122,280	44,308	8,037	174,625
Employee benefits	107,901	17,013	15,615	140,529
Payroll taxes	71,721	11,309	10,379	93,409
Rent	50,855	8,137	8,815	67,807
Professional fees	35,000	15,800	-	50,800
Dues and subscriptions	2,775	27,693	1,800	32,268
Program expenses	18,568	3,481	-	22,049
Office supplies	3,183	14,748	-	17,931
Telecommunications	-	3,025	13,344	16,369
Fundraising	-	-	16,345	16,345
Depreciation	11,690	2,210	2,026	15,926
Insurance	-	15,754	-	15,754
Bank and payroll fees	2,325	5,080	5,819	13,224
Miscellaneous	979	9,619	1,009	11,607
Equipment rental/maintenance	-	8,208	-	8,208
Travel, lodging, and conferences	5,383	378	94	5,855
Events	3,742	107	25	3,874
Postage and shipping	721	27	3,016	3,764
Printing and copying	66	-	3,685	3,751
Marketing and outreach	1,629	-	82	1,711
Interest	-	208	-	208
	<u>\$ 1,793,109</u>	<u>\$ 337,760</u>	<u>\$ 228,368</u>	<u>\$ 2,359,237</u>

CORO NORTHERN CALIFORNIA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 422,453
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	15,926
Unrealized gain	(42,825)
PPP loan forgiveness	(228,000)
CHANGES IN ASSETS AND LIABILITIES:	
Accounts and grants receivable	(182,342)
Prepaid expenses	5,882
Deposits	13,165
Accounts payable and accrued expenses	24,147
Deferred revenue	3,500
Grant advances	<u>1,182,801</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,214,707</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Increase in investments	<u>(2,491)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(2,491)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on capital lease	(7,005)
PPP loan proceeds	<u>229,800</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>222,795</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,435,011
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,552,172</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 2,987,183</u></u>
SUPPLEMENTAL INFORMATION	
Interest paid	<u><u>\$ 208</u></u>

See Notes to Financial Statements

CORO NORTHERN CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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 grants, fees, and contributions.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from grants, which are conditioned upon the Organization providing services or other deliverables. Amounts received are recognized as revenue when the Organization has provided services or deliverables in compliance with specific grant provisions. Amounts received prior to providing services or deliverables are reported as grant advances in the statement of financial position. The Organization has grant funds of \$1,950,110 that have not been recognized as of June 30, 2021 because services or other deliverables have not been completed, with the advance payments recognized in the statement of financial position as grant advances.

Program service fees, project fees and tuition are recognized when the services have been provided, with the advance payments recognized in the statement of financial position as deferred revenue.

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 program service fee revenue receivable and unconditional promises to give, respectively, 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, 2021.

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, 2021, 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 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 adopted the standard on July 1, 2020. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows.

Relevant Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard establishes a comprehensive new lease accounting model. It 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. It 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 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.

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 and Venmo. Funds on deposit exceeding federally insured limits or deposits which are uninsured totaled \$2,726,460 at June 30, 2021. 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 21% 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, 2021, as 37% are due from two funders (19% and 18%).

CORO NORTHERN CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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, 2021, are comprised of the following:

Cash held in investment account	\$ 4,421
Bond funds	11,680
Equity funds	125,413
Exchange traded funds	142,791
Total investments	<u>\$ 284,305</u>

Investment activity for the year ended June 30, 2021 is as follows:

Investments, beginning of year	\$ 238,989
Interest and dividends	5,062
Fee	(2,571)
Unrealized gain on investment	42,825
Investments, end of year	<u>\$ 284,305</u>

NOTE E – PROPERTY AND EQUIPMENT

At June 30, 2021, the Organization has no property and equipment. Depreciation expense for the year ended June 30, 2021 was \$15,926.

NOTE F – PPP LOAN PAYABLE

The Organization has recognized the funding from the Payroll Protection Program (PPP) loans, offered through the Small Business Administration in response to COVID-19, as debt instruments in accordance with the FASB issued Accounting Standards Codification (ASC) No. 470, *Debt*, and recognize revenue when forgiveness is received.

In April 2020, the Organization received \$228,000 from a PPP loan. During the year ended June 30, 2021, the Organization received forgiveness of the \$228,000 and recognized the gain on the loan forgiveness in the accompany statement of activities.

During the year ended June 30, 2021, the Organization received a second loan from the PPP program in the amount of \$229,800. The PPP carries an interest rate of 1% and becomes payable five years after issuance and is reflected in the accompanying statement of financial position. The Organization plans to seek forgiveness of the second PPP loan during the year ended June 30, 2022, however the amount of forgiveness is unknown at June 30, 2021

CORO NORTHERN CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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, 2021 could not be determined and is thus not reflected in the accompanying financial statements. Paid time off is accounted for the 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 \$52,833 for the year ended June 30, 2021.

NOTE H – COMMITMENTS

The Organization leased office space in San Francisco at a rate of approximately \$8,300 per month through February 2021. Rent expense for the year ended June 30, 2021 is \$67,807. In addition, the Organization leased various office equipment through January 2021. There are no future maturities related to these agreements.

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, 2021:

<u>Nature of Restriction</u>	<u>6/30/2020</u>	<u>Awards</u>	<u>Releases</u>	<u>6/30/2021</u>
Purpose restricted:				
Endowment	\$ 245,000	\$ -	\$ -	\$ 245,000
Scholarship	35,446	-	(5,000)	30,446
Public Affairs Fellowship	139,780	-	(5,000)	134,780
Total	<u>\$ 420,226</u>	<u>\$ -</u>	<u>(\$ 10,000)</u>	<u>\$ 410,226</u>

CORO NORTHERN CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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 and cash equivalents	\$ 2,987,183
Investments	284,305
Accounts and grants receivable	370,106
Total financial assets	<u>3,641,594</u>
Less: Net assets with purpose restrictions to be met in one year	<u>(410,226)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 3,231,368</u></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.

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 Guggenheim funds (General Operations)	140,000
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 December 2021, the second PPP loan of \$229,800 was forgiven.

Management has evaluated subsequent events for recognition and disclosure through April 6, 2022, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2021 that required recognition or disclosure in the financial statements.