

**HUCKLEBERRY YOUTH PROGRAMS, INC.**

---

**FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**PASADENA**  
234 E Colorado Blvd  
Suite M150  
Pasadena, CA 91101  
p: 626.403.6801

**A Trusted Nonprofit Partner**

Main Fax: 626.403.6866

[www.npocpas.com](http://www.npocpas.com)

**OAKLAND**  
1901 Harrison Street  
Suite 1150  
Oakland, CA 94612  
p: 510.379.1182

## CONTENTS

---

Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-14

## INDEPENDENT AUDITORS' REPORT

---

To the Board of Directors  
Huckleberry Youth Programs, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Huckleberry Youth Programs, Inc. (a nonprofit 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.

### 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.

### Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 Huckleberry Youth Programs, Inc. 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.

## INDEPENDENT AUDITORS' REPORT

continued

---

### Other Matter

#### *Report on Summarized Comparative Information*

We have previously audited Huckleberry Youth Programs, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 22, 2018. 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.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2019, on our consideration of Huckleberry Youth Programs, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Huckleberry Youth Programs, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Huckleberry Youth Programs, Inc. internal control over financial reporting and compliance.

*Harrington Group*

Oakland, California

February 15, 2019

## HUCKLEBERRY YOUTH PROGRAMS, INC.

### STATEMENT OF FINANCIAL POSITION

June 30, 2018

With comparative totals at June 30, 2017

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>					
Cash and cash equivalents (Note 2)	\$ 132,006	\$ 441,955	\$ -	\$ 573,961	\$ 1,061,691
Accounts receivable - net of allowance of \$1,568	1,074,431			1,074,431	643,515
Pledges receivable (Note 3)		387,985		387,985	126,500
Prepaid expenses and deposits	29,594			29,594	38,814
Property and equipment, net (Note 4)	163,201		77,437	240,638	280,770
	<b>\$ 1,399,232</b>	<b>\$ 829,940</b>	<b>\$ 77,437</b>	<b>\$ 2,306,609</b>	<b>\$ 2,151,290</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 34,471	\$ -	\$ -	\$ 34,471	\$ 50,610
Accrued liabilities (Note 5)	317,872			317,872	326,239
Accrued unemployment liability (Note 6)	30,000			30,000	30,000
Deferred revenues				-	83,921
	<b>382,343</b>	<b>-</b>	<b>-</b>	<b>382,343</b>	<b>490,770</b>
<b>NET ASSETS</b>					
Unrestricted	1,016,889			1,016,889	997,638
Temporarily restricted (Note 9)		829,940		829,940	585,445
Permanently restricted (Note 10)			77,437	77,437	77,437
	<b>1,016,889</b>	<b>829,940</b>	<b>77,437</b>	<b>1,924,266</b>	<b>1,660,520</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,399,232</b>	<b>\$ 829,940</b>	<b>\$ 77,437</b>	<b>\$ 2,306,609</b>	<b>\$ 2,151,290</b>

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

## HUCKLEBERRY YOUTH PROGRAMS, INC.

STATEMENT OF ACTIVITIES  
 For the year ended June 30, 2018  
 With comparative totals for the year ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018</u>	<u>2017</u>
<b>REVENUE AND SUPPORT</b>					
Program service fees (Note 11)	\$ 4,349,001	\$ -	\$ -	\$ 4,349,001	\$ 4,319,510
Contributions and grants	840,301	1,301,485		2,141,786	1,426,949
Special events, net of expenses of \$214,543	226,767			226,767	156,365
Other income	16,081			16,081	38,749
Rental income	12,265			12,265	7,200
Net assets released from restrictions (Note 9)	1,056,990	(1,056,990)		-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<u>6,501,405</u>	<u>244,495</u>	<u>-</u>	<u>6,745,900</u>	<u>5,948,773</u>
<b>EXPENSES</b>					
Program services	5,125,696			5,125,696	4,931,742
Management and general	802,872			802,872	756,294
Fundraising	553,586			553,586	555,941
<b>TOTAL EXPENSES</b>	<u>6,482,154</u>	<u>-</u>	<u>-</u>	<u>6,482,154</u>	<u>6,243,977</u>
<b>CHANGE IN NET ASSETS</b>	19,251	244,495		263,746	(295,204)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>997,638</u>	<u>585,445</u>	<u>77,437</u>	<u>1,660,520</u>	<u>1,955,724</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,016,889</u>	<u>\$ 829,940</u>	<u>\$ 77,437</u>	<u>\$ 1,924,266</u>	<u>\$ 1,660,520</u>

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

**HUCKLEBERRY YOUTH PROGRAMS, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2018

With comparative totals for the year ended June 30, 2017

	Program Services						Support Services			Total Expenses 2017		
	Huckleberry House	Huckleberry Wellness Academics	Cole Street Youth Clinic	Community Assessment and Resource	Huckleberry Teen Health Program	Huckleberry Advocacy and Response Team	Total Program Services	Management and General	Fundraising		Total Support Services	
Salaries	\$ 678,562	\$ 446,664	\$ 546,492	\$ 697,423	\$ 370,852	\$ 385,731	\$ 3,125,724	\$ 366,269	\$ 357,124	\$ 723,393	\$ 3,849,117	\$ 3,709,090
Employee benefits	94,049	47,292	51,593	76,715	58,104	40,700	368,453	98,196	30,246	128,442	496,895	454,019
Payroll taxes	59,637	36,756	45,345	57,607	29,126	31,663	260,134	13,155	28,190	41,345	301,479	292,808
Total personnel costs	832,248	530,712	643,430	831,745	458,082	458,094	3,754,311	477,620	415,560	893,180	4,647,491	4,455,917
Subcontract payments			95,038	131,180	177,311		403,529		618	618	404,147	457,144
Occupancy		56,318	45,000	128,363	49,138	15,000	293,819	42,659	44,280	86,939	380,758	342,629
Professional fees								178,047		178,047	178,047	23,400
Consultants	15,864	25,047	12,874	2,410	19,965	13,884	90,044	6,705	28,715	35,420	125,464	200,196
Miscellaneous	2,428	12,041	20,434	4,781	451	31,759	71,894	1,285	2,207	16,492	88,386	89,992
Travel	2,215	2,348	9,844	29,717	4,597	20,645	69,366	3,928	1,711	5,639	75,005	64,276
Licenses and fees	11,117	2,673	3,888	8,036	10,388	1,536	37,638	25,799	7,999	33,798	71,436	54,159
Americorps fee	31,818	14,000			14,000		59,818				59,818	70,000
Telephone	13,737	1,636	9,483	9,521	4,252	5,251	43,880	6,742	3,002	9,744	53,624	65,236
Utilities	12,326	1,130	8,888	2,621	4,961	2,963	32,889	8,262	3,539	11,801	44,690	40,499
Depreciation	6,224	1,130	11,776	6,556	10,482	2,963	35,038	4,805	289	5,094	40,132	39,118
Food	16,649	8,202	2,989	1,910	1,459	6,194	37,403	35	49	84	37,487	33,483
Interns and stipends		17,021	13,423	4,500			34,944				34,944	28,015
Training and meetings	3,440	2,221	7,319	3,995	2,041	2,395	21,411	9,219	3,834	13,053	34,464	45,190
Repair and maintenance	7,413	1,701	3,665	1,997	11,629	18	26,423	6,418	1,622	8,040	34,463	39,671
Supplies	2,870	5,311	7,092	3,543		990	19,806	4,669	2,471	7,140	26,946	43,709
Printing and duplications	2,090	3,259	4,036	1,289	1,111	186	11,971	1,169	8,842	10,011	21,982	18,916
Board of director expenses								5,180	15,277	20,457	20,457	10,844
Field trips and events		15,343	84	2,879	324	45	18,675	1,147	1,155	2,302	18,675	11,623
Insurance	4,408	3,080	1,256	3,663	2,486	1,464	16,357	1,147		2,302	18,659	19,014
Van expenses	5,868	2,242	3,111	15	3,576	1,637	16,449	1,147	1,775	2,302	16,449	13,664
Equipment rental	4,364	1,457	197	3,490	2,456	12	11,976	2,381	1,775	4,156	16,132	12,219
Advertising and promotions	344	194	3,303	1,182	315	269	5,607	1,663	6,436	8,099	13,706	30,458
Equipment	1,278	1,748	1,899	493	480	626	6,524	1,279	837	2,116	8,640	26,131
Education and recreation	393	273	2,655	199	693	169	4,382	443	3,040	3,483	4,382	2,001
Postage and shipping	387	84	38	95	112	62	778	417	328	745	4,261	4,114
Subscriptions and publications	694		31	20		19	764				1,509	2,255
Mentoring costs												304
<b>TOTAL 2018 FUNCTIONAL EXPENSES</b>	<b>\$ 978,175</b>	<b>\$ 708,041</b>	<b>\$ 911,753</b>	<b>\$ 1,179,700</b>	<b>\$ 784,809</b>	<b>\$ 563,218</b>	<b>\$ 5,125,696</b>	<b>\$ 802,872</b>	<b>\$ 553,586</b>	<b>\$ 1,356,458</b>	<b>\$ 6,482,154</b>	
<b>TOTAL 2017 FUNCTIONAL EXPENSES</b>	<b>\$ 1,009,785</b>	<b>\$ 666,993</b>	<b>\$ 871,485</b>	<b>\$ 1,079,780</b>	<b>\$ 789,948</b>	<b>\$ 513,751</b>	<b>\$ 4,931,742</b>	<b>\$ 756,294</b>	<b>\$ 555,941</b>	<b>\$ 1,312,235</b>		<b>\$ 6,243,977</b>

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

# HUCKLEBERRY YOUTH PROGRAMS, INC.

## STATEMENT OF CASH FLOWS

For the year ended June 30, 2018

With comparative totals for the year ended June 30, 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 263,746	\$ (295,204)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	40,132	39,118
(Increase) decrease in operating assets:		
Accounts receivable	(430,916)	244,270
Pledges receivable	(261,485)	128,500
Prepaid expenses and deposits	9,220	48,187
Increase (decrease) in operating liabilities:		
Accounts payable	(16,139)	(126,197)
Accrued liabilities	(8,367)	(16,610)
Deferred revenue	(83,921)	83,921
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<u>(487,730)</u>	<u>105,985</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	-	(30,196)
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<u>-</u>	<u>(30,196)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(487,730)</b>	<b>75,789</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,061,691</u>	<u>985,902</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 573,961</u></u>	<u><u>\$ 1,061,691</u></u>

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



# HUCKLEBERRY YOUTH PROGRAMS, INC.

## NOTES TO FINANCIAL STATEMENTS

---

### 1. Organization

Huckleberry Youth Programs, Inc. (“HYP”) is a California nonprofit public benefit corporation organized to provide services to adolescents, young adults, and their families in San Francisco and Marin counties. Founded on the belief that adolescence is a dynamic and challenging time of life, HYP’s mission is to educate, inspire, and support underserved youth to develop healthy life choices, to maximize their potential, and to realize their dreams.

The agency began in 1967 with the creation of **Huckleberry House**, the first adolescent crisis shelter in the country and the model for adolescent shelters funded since 1974 by the federal Runaway and Homeless Youth Act. Huckleberry House was developed as a community response to the large numbers of young people who came to San Francisco in the late 1960’s, some of whom were fleeing from very difficult situations and needed help on the road to becoming healthy, responsible adults.

Huckleberry House is a “first responder” to adolescents in crisis in San Francisco. The six-bed shelter operates a 24/7 crisis line and provides emergency services to over 270 homeless, runaway, and at-risk youth, ages 11-17, annually. Huckleberry House offers youth a safe place to stay and assistance with family reunification. All services are provided free of charge: emergency housing; case management; access to the Huckleberry Youth Health Center; three nutritious meals each day and healthy snacks; clothing and school supplies as needed; 24-hour supervision; monitoring of school attendance; health education on relevant topics; assistance with homework; and recreational, arts, and physical activities.

Young people at Huckleberry House – and at all other HYP programs – also have access to mental health counselors. Counselors provide adolescent assessment and individual therapy, comprehensive family assessments, family preservation counseling and family reunification therapy, and case management services to 150 youth, ages 11-21, and 80 families annually.

In addition to Huckleberry House, HYP operates four programs in San Francisco and Marin Counties. The **Huckleberry Youth Health Center** is the first full-time, community-based health center dedicated exclusively to teens and young adults in San Francisco. It is also the primary provider of health education workshops in San Francisco schools and after-school sites. Medical services, including primary and reproductive health care, are provided by caring peers and adults to over 3,500 youth annually.

**Huckleberry’s Wellness Academy** is a San Francisco/Marin community-based initiative preparing under-performing youth for college and careers in health care. The program recruits high-potential, under-performing, low-income youth – primarily youth of color – who are interested in health careers. Most will be the first in their families to go to college. The Huckleberry Wellness Academy provides academic assistance (including SAT/ACT preparation), health education training, college counseling, and wraparound support services. Most youth are placed in health care internships, including placement with HYP as Peer Health Educators.

# HUCKLEBERRY YOUTH PROGRAMS, INC.

## NOTES TO FINANCIAL STATEMENTS

---

### 1. **Organization**, continued

The **Huckleberry Teen Health Program (“HTHP”)** is the primary provider of health access, youth development and other support services for underserved youth in Marin County. Services include weekly teen clinics in San Rafael and Novato, health workshops offered in schools and community sites, individual and family counseling, and case management. The agency was recently selected by the County to provide prevention counseling to youth referred by the Marin County Juvenile Drug Court. Many of HTHP’s 2,500 clients served annually are from the Canal District of San Rafael. The primary ethnic group (70%) in the Canal is Latino, including recent immigrants from Mexico and Central America. The program is located across the street from San Rafael High School.

**Huckleberry’s Community Assessment and Resource Center (“CARC”)** is considered one of the most successful community-based Juvenile Justice diversion programs in the U.S. Managed by HYP for the City and County of San Francisco, CARC provides a single point of entry for crisis intervention, assessment, service integration, and rehabilitation for over 350 youth – about one third of the youth arrested annually in the county. CARC case managers have successfully worked with youth to reintegrate them into schools, arrange for special education services, obtain mental health services, complete community service and probation requirements, and engage the youth in positive social, arts, athletic, and youth development programs.

### 2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

#### **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting.

#### **Accounting**

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of HYP are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

**Unrestricted.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

# HUCKLEBERRY YOUTH PROGRAMS, INC.

## NOTES TO FINANCIAL STATEMENTS

---

### 2. Summary of Significant Accounting Policies, continued

**Temporarily Restricted.** HYP reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**Permanently Restricted.** These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit HYP to expend all of the income (or other economic benefits) derived from the donated assets.

#### **Cash and Cash Equivalents**

HYP has defined cash and cash equivalents as cash in banks and certificates of deposit with an original maturity of three months or less.

#### **Accounts Receivable**

HYP utilizes the allowance method with respect to its accounts receivable. The allowance represents an estimated amount of accounts receivable deemed potentially to be uncollectible.

#### **Contributions and Pledges Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded as net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

#### **Concentration of Credit Risks**

HYP places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. HYP has not incurred losses related to these investments.

The receivable balance outstanding at June 30, 2018 consists primarily of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of HYP's receivables consist of earned fees from contract programs granted by governmental agencies.

# HUCKLEBERRY YOUTH PROGRAMS, INC.

## NOTES TO FINANCIAL STATEMENTS

---

### 2. Summary of Significant Accounting Policies, continued

#### **Property and Equipment**

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to one thousand five hundred dollars and the useful life is greater than one year.

#### **Donated Materials and Services**

Contributions of donated non-cash assets are measured on a non-recurring basis and are recorded at fair value on a non-recurring basis in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value on a non-recurring basis in the period received.

A number of unpaid volunteers have made significant contributions of their time to HYP. However, the value of these services is not reflected in these statements because the criterion for recognition has not been satisfied.

#### **Income Taxes**

HYP is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by HYP in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. HYP's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

#### **Functional Allocation of Expenses**

Costs of providing HYP's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. HYP uses direct costs and full-time equivalents to allocate indirect costs.

# HUCKLEBERRY YOUTH PROGRAMS, INC.

## NOTES TO FINANCIAL STATEMENTS

---

### 2. Summary of Significant Accounting Policies, continued

#### Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

HYP is required to measure pledged contributions at fair value. The specific techniques used to measure the fair value for the financial statement element is described in the notes below that relate to the element.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with HYP's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

#### Subsequent Events

Management has evaluated subsequent events through February 15, 2019, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

### 3. Pledges Receivable

Pledges receivable are recorded as support when pledged unless designated otherwise. Management deemed pledges fully collectible, accordingly no allowance for doubtful accounts has been established for uncollectible pledges. Additionally, all pledges are valued at their estimated fair value at June 30, 2018. A discount rate of 3% has been used to calculate the present value of pledges receivable. Total amount of pledges receivable at June 30, 2018, of \$387,985, is expected to be collected as follows.

continued

# HUCKLEBERRY YOUTH PROGRAMS, INC.

## NOTES TO FINANCIAL STATEMENTS

---

### 3. Pledges Receivable, continued

<u>Year ended June 30,</u>	
2019	\$237,500
2020	<u>155,000</u>
	392,500
Less: unamortized discount on pledges receivable	<u>(4,515)</u>
	<u>\$387,985</u>

### 4. Property and Equipment

Property and equipment at June 30, 2018 consist of the following:

Land	\$ 113,413
Buildings	150,338
Building improvements	357,735
Leasehold improvements	287,388
Equipment, furniture, and fixtures	229,622
Vehicles	<u>70,619</u>
	1,209,115
Less: accumulated depreciation	<u>(968,477)</u>
	<u>\$ 240,638</u>

### 5. Accrued Liabilities

Accrued liabilities at June 30, 2018 consist of the following:

Accrued vacation	\$226,098
Accrued salaries	72,158
Other accrued liabilities	<u>19,616</u>
	<u>\$317,872</u>

### 6. Accrued Unemployment Liability

HYP has elected to be self-insured for the purposes of California State Unemployment Insurance. Estimated accrued unemployment liability at June 30, 2018 of \$30,000 represents estimated future claims arising from payroll paid to June 30, 2018. Unemployment expense paid for the year ended June 30, 2018 was \$16,882.

### 7. Line of Credit

HYP has a line of credit in the amount of \$300,000, from a bank, secured by a deed of trust, with payments payable monthly on the outstanding balance, at an interest rate that varies from 3.25% to 14.95%, due November 2026. There was no outstanding balance on the line of credit at June 30, 2018.

continued

# HUCKLEBERRY YOUTH PROGRAMS, INC.

## NOTES TO FINANCIAL STATEMENTS

---

### 8. Commitments and Contingencies

#### Obligations Under Operating Leases

HYP leases various facilities and equipment under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

<u>Year ended June 30,</u>	
2019	\$384,333
2020	268,336
2021	135,138
2022	<u>135,138</u>
	<u>\$922,945</u>

Rent expense for facilities and equipment under operating leases for the year ended June 30, 2018 was \$396,890.

#### Contracts

HYP's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, HYP has no provisions for the possible disallowance of program costs on its financial statements.

### 9. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2018 consist of the following:

Core operating support	\$281,626
Education	246,359
Wellness Academy	100,000
Huckleberry House	57,500
Bruce Fisher fund	54,455
Teen health	50,000
Substance Abuse Prevention	30,000
Health and mental health programs	<u>10,000</u>
	<u>\$829,940</u>

For the year ended June 30, 2018, net assets released from purpose restrictions were \$1,056,990.

continued

# HUCKLEBERRY YOUTH PROGRAMS, INC.

## NOTES TO FINANCIAL STATEMENTS

---

### 10. Permanently Restricted Net Assets and Endowment Funds

Permanently restricted net assets represent contributions of property which the donor has stipulated be used in perpetuity for HYP's programs. At June 30, 2018, permanently restricted net assets were \$77,437.

Generally accepted accounting principles provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization and requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and Board-designated endowment funds).

HYP classifies as permanently restricted net assets, (a) the original value of the gifts to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by HYP.

Permanently restricted net assets at June 30, 2018 consist of land in the amount of \$77,437.

### 11. Program Service Fees

Program service fees for the year ended June 30, 2018 consist of the following:

Huckleberry House	\$ 959,323
Community Assessment and Resource Center	854,783
Huckleberry Teen Health Program	555,415
Emergency Response to Commercially Sexually Exploited Children	498,252
San Francisco Multi-service Center	475,613
Huckleberry's Cole Street Clinic	440,140
Huckleberry's Wellness Academies	307,758
Child Abuse Treatment Program	<u>257,717</u>
	<u>\$4,349,001</u>