

HUCKLEBERRY YOUTH PROGRAMS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020

CONTENTS

Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Financial Statements	8-18

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, 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 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, 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.

INDEPENDENT AUDITORS' REPORT

continued

Other Matter

Report on Summarized Comparative Information

We have previously audited Huckleberry Youth Programs, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated, April 17, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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 June 22, 2021, 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.'s internal control over financial reporting and compliance.

Harrington Group

Oakland, California

June 22, 2021

HUCKLEBERRY YOUTH PROGRAMS, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2020

With comparative totals at June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	2020	2019
ASSETS				
Cash and cash equivalents (Note 2)	\$ 262,982	\$ 581,955	\$ 844,937	\$ 395,182
Accounts receivable - net of allowance of \$1,568	2,592,135		2,592,135	1,248,945
Pledges receivable (Note 4)		515,000	515,000	222,500
Prepaid expenses and deposits	63,471		63,471	204,118
Property and equipment, net (Note 5)	174,843	77,437	252,280	240,106
	\$ 3,093,431	\$ 1,174,392	\$ 4,267,823	\$ 2,310,851
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 222,089	\$ -	\$ 222,089	\$ 186,618
Accrued liabilities (Note 6)	389,067		389,067	270,638
Government owned assets (Note 7)	26,606		26,606	-
Accrued unemployment liability (Note 8)	30,000		30,000	30,000
Paycheck protection program loan (Note 10)	912,200		912,200	-
Deferred revenues	19,584		19,584	27,500
	1,599,546	-	1,599,546	514,756
NET ASSETS				
Without donor restrictions	1,493,885		1,493,885	1,261,703
With donor restrictions				
Purpose restrictions (Note 12)		1,096,955	1,096,955	456,955
Perpetual in nature (Note 13)		77,437	77,437	77,437
	1,493,885	1,174,392	2,668,277	1,796,095
	\$ 3,093,431	\$ 1,174,392	\$ 4,267,823	\$ 2,310,851

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

HUCKLEBERRY YOUTH PROGRAMS, INC.

STATEMENT OF ACTIVITIES

For the year ended June 30, 2020

With comparative totals for the year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	2020	2019
REVENUE AND SUPPORT				
Program service fees (Note 14)	\$ -	\$ 5,168,385	\$ 5,168,385	\$ 4,072,696
Contributions and grants	466,023	2,200,724	2,666,747	1,624,473
Special events, net of expenses of \$98,050	166,597		166,597	352,629
Other income	111,084		111,084	96,467
In-kind contributions	29,843		29,843	-
Rental income	32,677		32,677	39,809
Net assets released from restrictions (Note 12)	6,729,109	(6,729,109)	-	-
TOTAL REVENUE AND SUPPORT	7,535,333	640,000	8,175,333	6,186,074
EXPENSES				
Program services	5,492,143		5,492,143	4,961,240
Management and general	1,066,198		1,066,198	841,664
Fundraising	744,810		744,810	511,341
TOTAL EXPENSES	7,303,151	-	7,303,151	6,314,245
CHANGE IN NET ASSETS	232,182	640,000	872,182	(128,171)
NET ASSETS, BEGINNING OF YEAR	1,261,703	534,392	1,796,095	1,924,266
NET ASSETS, END OF YEAR	\$ 1,493,885	\$ 1,174,392	\$ 2,668,277	\$ 1,796,095

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, 2020
With comparative totals for the year ended June 30, 2019

	Program Services	Support Services		Total Support Services	Total Expenses	
		Management and General	Fundraising		2020	2019
Salaries	\$ 3,260,161	\$ 375,939	\$ 555,026	\$ 930,965	\$ 4,191,126	\$ 3,864,234
Employee benefits	384,414	82,636	61,803	144,439	528,853	428,307
Payroll taxes	237,312	27,893	33,221	61,114	298,426	318,320
Total personnel costs	3,881,887	486,468	650,050	1,136,518	5,018,405	4,610,861
Occupancy	476,106	82,053	20,385	102,438	578,544	457,138
Subcontract payments	384,577				384,577	115,343
Professional fees	26,078	332,482	2,992	335,474	361,552	179,827
Consultants	196,430	16,958	8,085	25,043	221,473	174,763
Supplies	144,722	25,110	9,539	34,649	179,371	31,132
Telephone	63,176	6,379	5,825	12,204	75,380	58,393
Insurance		45,887		45,887	45,887	11,812
Miscellaneous	6,020	19,734	18,475	38,209	44,229	147,118
Repair and maintenance	34,623	9,196	12	9,208	43,831	44,295
Food	42,115	428	39	467	42,582	57,754
Depreciation	35,606	1,699	289	1,988	37,594	39,983
Travel	29,811	995	547	1,542	31,353	30,155
Van expenses	29,538				29,538	10,982
Utilities	29,115	27		27	29,142	40,505
Training and meetings	15,851	11,206	948	12,154	28,005	36,053
AmeriCorps fee	28,000				28,000	87,958
Printing and duplications	5,949	1,608	14,891	16,499	22,448	24,132
Licenses and fees	14,663	4,016	3,582	7,598	22,261	34,765
Interns and stipends	13,228		66	66	13,294	29,685
Equipment rental	8,638	1,706	1,611	3,317	11,955	14,546
Advertising and promotions	5,911	4,950	411	5,361	11,272	24,989
Field trips and events	11,185				11,185	19,315
Equipment	5,812	4,404		4,404	10,216	4,131
Subscriptions and publications	357	7,450	1,946	9,396	9,753	3,278
Postage and shipping	535	1,236	4,517	5,753	6,288	6,739
Board of director expenses		2,178	600	2,778	2,778	12,025
Education and recreation	2,210	28		28	2,238	6,568
TOTAL 2020 FUNCTIONAL EXPENSES	\$ 5,492,143	\$ 1,066,198	\$ 744,810	\$ 1,811,008	\$ 7,303,151	
TOTAL 2019 FUNCTIONAL EXPENSES	\$ 4,961,240	\$ 841,664	\$ 511,341	\$ 1,353,005		\$ 6,314,245

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, 2020

With comparative totals for the year ended June 30, 2019

continued

	Program Services							Total Program Services	
	Huckleberry House	Huckleberry Wellness Academies	Project Ready	Cole Street Youth Clinic	Community Assessment and Resource Center	Huckleberry Teen Health Program	Huckleberry Advocacy and Response Team	2020	2019
Salaries	\$ 1,075,532	\$ 314,025	\$ 207,267	\$ 504,626	\$ 517,715	\$ 276,558	\$ 364,438	\$ 3,260,161	\$ 3,183,648
Employee benefits	125,383	31,068	17,763	52,683	55,311	57,570	44,636	384,414	319,115
Payroll taxes	94,381	20,182	14,143	32,215	32,597	19,713	24,081	237,312	242,495
Total personnel costs	1,295,296	365,275	239,173	589,524	605,623	353,841	433,155	3,881,887	3,745,258
Occupancy	173	63,146	48,239	82,268	128,690	69,506	84,084	476,106	386,752
Subcontract payments				246,700	137,477		400	384,577	106,848
Professional fees	9,595	2,430	1,385	4,065	4,403	1,949	2,251	26,078	31,426
Consultants	5,776	43	50,857	108,811	10,013	13,545	7,385	196,430	119,441
Supplies	7,636	13,819	4,962	73,057	14,427	5,007	25,814	144,722	21,242
Telephone	17,523	4,124	3,435	15,690	6,259	7,879	8,266	63,176	43,679
Insurance								-	9,921
Miscellaneous	2,944	(281)	38	434	568	971	1,346	6,020	80,754
Repair and maintenance	3,048	1,916		3,177	3,044	10,220	13,218	34,623	39,303
Food	17,597	3,734	3,140	7,933	3,405	1,261	5,045	42,115	53,794
Depreciation	6,058			10,785	8,281	10,482		35,606	35,038
Travel	7,999	2,222	1,770	4,793	5,482	1,628	5,917	29,811	29,215
Van expenses	1,331	111		65	27,747		284	29,538	10,982
Utilities	12,937	1,434		11,570		2,540	634	29,115	30,429
Training and meetings	4,890	1,452	1,716	3,356	655	447	3,335	15,851	16,287
AmeriCorps fee	14,000					14,000		28,000	87,958
Printing and duplications	1,259	412	1,530	664	749	1,063	272	5,949	8,798
Licenses and fees	2,424	241	42	454	7,920	3,487	95	14,663	21,979
Interns and stipends	7	9,919	50	2,824			428	13,228	29,685
Equipment rental	6,065	1,201		787	585			8,638	10,698
Advertising and promotions	95	265	312	488	3,933	504	314	5,911	8,780
Field trips and events	1,731	5,478	2,010	338	961	232	435	11,185	19,315
Equipment	4,243			974		595		5,812	3,153
Subscriptions and publications	150			207				357	468
Postage and shipping	94	11	60	65	226	35	44	535	1,119
Board of director expenses								-	2,350
Education and recreation	257	273	584	500	21	316	259	2,210	6,568
TOTAL 2020 FUNCTIONAL EXPENSES	\$ 1,423,128	\$ 477,225	\$ 359,303	\$ 1,169,529	\$ 970,469	\$ 499,508	\$ 592,981	\$ 5,492,143	
TOTAL 2019 FUNCTIONAL EXPENSES	\$ 1,050,650	\$ 717,130	\$ 421,740	\$ 750,497	\$ 829,843	\$ 612,753	\$ 578,627		\$ 4,961,240

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, 2020

With comparative totals for the year ended June 30, 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 872,182	\$ (128,171)
activities:		
Depreciation	37,594	39,983
(Increase) decrease in operating assets:		
Accounts receivable	(1,343,190)	(174,514)
Pledges receivable	(292,500)	165,485
Prepaid expenses and deposits	140,647	(174,524)
Increase (decrease) in operating liabilities:		
Accounts payable	35,471	152,147
Accrued liabilities	118,429	(47,234)
Deferred revenue	(7,916)	27,500
Government-owned fixed assets	26,606	
	<u>(412,677)</u>	<u>(139,328)</u>
NET CASH (USED) BY OPERATING ACTIVITIES		
	<u>(412,677)</u>	<u>(139,328)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(49,768)	(39,451)
	<u>(49,768)</u>	<u>(39,451)</u>
NET CASH (USED) BY INVESTING ACTIVITIES		
	<u>(49,768)</u>	<u>(39,451)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on line of credit	100,000	-
Proceeds from paycheck protection program loan	912,200	-
Payments on line of credit	(100,000)	-
	<u>912,200</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES		
	<u>912,200</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	449,755	(178,779)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>395,182</u>	<u>573,961</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 844,937</u>	<u>\$ 395,182</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 despite the COVID-19 global pandemic, provided emergency services to over 180 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 provided adolescent assessment and individual therapy, comprehensive family assessments, family preservation counseling and family reunification therapy, and case management services to over 400 youth, ages 11-21, and 25 families this year.

In addition to Huckleberry House, HYP operates six programs in San Francisco and Marin Counties.

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 recruited 145 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. One hundred percent (100%) of senior participants graduated from high school and One hundred percent (100%) of graduating participants are expected to enroll in a post-secondary institution this fall. Most youth are placed in health care internships, including placement with HYP as Peer Health Educators.

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. Despite the COVID-19 global pandemic, requiring a shut down, the program was able to provide services to over 920 youth this year.

HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

Huckleberry's Project READY (Reconnecting, Educating, and Achieving Dreams for Youth) ensures middle schoolers with behavioral or truancy issues successfully transition to high school and avoid contact with the juvenile justice system. Academic support and intensive one-on-one case management, combined with parental support and education, can reduce rates of school failure and arrest among youth with multiple risk factors. To achieve the goal of transitioning youth to high school while avoiding contact with the juvenile justice system, the program worked with 75 (an increase of 10%) youth from the summer before 8th grade through the first semester of 9th grade, with the most intensive services offered during 8th grade.

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 225 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.

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 1,500 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 Advocacy and Response Team ("HART") strives to create a safe space where youth are provided options in a nonjudgmental way in the hopes that they can lead the lives they desire and heal in the ways they define for themselves. HART views human trafficking as a symptom of larger vulnerabilities and other systemic root causes and works to address how these dynamics play out in young people's lives. HART provides advocacy and direct practice services to youth ages 11-24 who are vulnerable to or experiencing commercial sexual exploitation/involved in sex trafficking/engaging in survival sex. Using a relationship-driven, empowerment, and client centered approach, HART engaged 70 youth most disconnected from systems with the goal of re-engaging them with providers and connecting to their community.

Fire. On February 6, 2019, a gas explosion on the corner of Geary Boulevard and Parker Avenue severely damaged HYP's administration office from the fire, smoke and water. HYP's insurance policy is anticipated to cover all financial losses.

HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

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.

Net Assets

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

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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 resources be maintained in perpetuity. 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 was restricted has been fulfilled, or both.

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.

HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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, 2020 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.

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 five thousand 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.

HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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.

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.

Revenue and Revenue Recognition

HYP recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a 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 met.

Consequently, at June 30, 2020, contributions approximating \$50,000, have not been recognized in the accompanying statement of activities because the condition on which they depend has not yet been met. Of the total conditional contributions, \$50,000 depend on raising additional contributions before June 30, 2021 that will be matched dollar-for-dollar.

A portion of the HYP's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when HYP has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. HYP received cost-reimbursable grants of \$0 that have not been recognized at June 30, 2020 because qualifying expenditures have not yet been incurred.

HYP has adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions (Topic 605) as management believes the standard improves the usefulness and understandability of the HYP's financial reporting.

continued

HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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.

Recently Adopted Accounting Pronouncement

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes, or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expanded disclosures about revenue. HYP has implemented Topic 606 and have adjusted the presentation in these financial statements accordingly.

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, 2019, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through June 22, 2021, the date which the financial statements were available for issue. Except as disclosed in Note 10, no other events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

3. Liquidity and Availability of Resources

The following reflects HYP's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if management approves that action. Management reports on its liquidity and availability of financial assets to the Board of Directors on a semi-monthly basis.

Cash and cash equivalents	\$ 844,937
Accounts receivable	2,592,135
Pledges receivable	<u>515,000</u>
Total financial assets at year-end	3,952,072
Less: Cash and pledges with donor restrictions	<u>(515,000)</u>
Assets available to meet general expenditures within one year:	<u>\$3,437,072</u>

continued

HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

3. Liquidity and Availability of Resources, continued

HYP is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, HYP must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of HYP's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. 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, 2020. Pledges receivable at June 30, 2020, of \$515,000, of which \$275,000 is receivable within one year, and \$240,000 in future years.

5. Property and Equipment

Property and equipment at June 30, 2020 consist of the following:

Land	\$ 113,419
Buildings	150,338
Building improvements	357,735
Leasehold improvements	301,348
Equipment, furniture, and fixtures	252,981
Vehicles	<u>122,512</u>
	1,298,333
Less: accumulated depreciation	<u>(1,046,053)</u>
	<u>\$ 252,280</u>

Depreciation for the year ended June 30, 2020 was \$37,594.

6. Accrued Liabilities

Accrued liabilities at June 30, 2020 consist of the following:

Accrued vacation	\$262,359
Accrued salaries	119,671
Other accrued liabilities	<u>7,037</u>
	<u>\$389,067</u>

continued

HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

7. Government-Owned Fixed Assets

Government-owned fixed assets represent the net book value of vehicles HYP purchased with government funds and in which HYP does not retain ownership. The net book value of vehicles owned by government as of June 30, 2020 is \$26,606 and is included in the property and equipment of the financial statements. A corresponding liability (to show the reversionary interest) is recorded as government owned assets at June 30, 2020. The asset and liability accounts change with the purchase of assets with government funds and the recording of depreciation to those same accounts to demonstrate the use of these assets. Depreciation is not charged to expense for government owned assets.

8. 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, 2020 of \$30,000 represents estimated future claims arising from payroll paid to June 30, 2020. Unemployment expense paid for the year ended June 30, 2020 was \$7,225.

9. Line of Credit

HYP has a line of credit in the amount of \$500,000, 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, 2020.

10. Paycheck Protection Program

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), signed into law on March 27, 2020, may provide additional avenues of relief to small businesses and nonprofits through programs administered by the Small Business Administration ("SBA"). The CARES Act established a Paycheck Protection Program ("PPP"), whereby certain small businesses and nonprofits are eligible for a loan to fund payroll expenses, rent, and related costs. The loan may be forgiven if the funds are used for payroll and other qualified expenses.

On April 27, 2020, HYP received a Payroll Protection Program loan of \$912,200 the proceeds of which will be used to support payroll and operations for the remainder of the shutdown and as they move into the resumption of business activities under new COVID-19 guidelines.

The unforgiven portion of the PPP is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. HYP intends to use the proceeds for purposes consistent with the PPP. HYP currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan.

In June 2021, HYP received notice that there PPP loan principal and interest was forgiven in full. No adjustments have been made to these financial statements.

HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

11. 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 ending June 30,</u>	
2021	\$393,136
2022	79,028
2023	81,037
2024	<u>83,469</u>
	<u>\$636,670</u>

Rent for facilities and equipment under operating leases for the year ended June 30, 2020 was \$590,497.

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.

COVID-19 Disclosure

HYP has been adversely affected by the novel strain of coronavirus ("COVID-19") outbreak in the United States. In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious virus, which has continued to spread, has adversely affected workforces, customers, economies and financial markets globally as well as the market in which we operate. It has also disrupted the normal operations of many businesses and nonprofits.

In response to this outbreak, many state and local authorities in the market in which HYP operates have mandated the temporary closure of non-essential businesses, including the HYP's. The full extent to which the COVID-19 outbreak has impacted the HYP's ability to provide services under *Huckleberry House*, *HWA*, *HYHC*, *Project Ready*, *CARC*, *Teen Health* and *HART Programs*, along with the impact to HYP's financial condition and cash flows will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information that may emerge concerning COVID-19 and the actions to contain it or treat its impact and the economic impact on local, regional, national and international markets. As the COVID-19 pandemic continues, HYP's results of operations, financial condition and cash flows are likely to be materially adversely affected, particularly if the pandemic persists for a significant amount of time.

HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

12. Net Assets With Donor Restrictions – Purpose Restrictions

Net assets with donor restrictions at June 30, 2020 consist of the following:

Wellness academy	\$ 415,000
Core operating support	232,500
Teen health	227,500
Huckleberry House	92,500
Bruce Fisher fund	52,252
Substance abuse prevention	50,000
Health and mental health program	<u>27,203</u>
	<u>\$1,096,955</u>

For the year ended June 30, 2020, net assets released from purpose restrictions were \$6,729,109.

13. Net Assets With Donor Restrictions – Perpetual in Nature (Endowment)

Net assets with donor restrictions that are perpetual in nature represent contributions of property which the donor has stipulated be used in perpetuity for HYP's programs. At June 30, 2020, net assets with donor restrictions that are perpetual in nature 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 net assets with donor restrictions that are perpetual in nature, (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 net assets with donor restrictions that are perpetual in nature is classified as net assets with donor restrictions with purpose restrictions until those amounts are appropriated for expenditure by HYP.

Net assets with donor restrictions that are perpetual in nature at June 30, 2020 consist of land in the amount of \$77,437.

HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

14. Program Service Fees

Program service fees for the year ended June 30, 2020 consist of the following:

Huckleberry House	\$1,107,857
Community Assessment and Resource Center	958,032
Huckleberry Teen Health Program	575,406
Department of Homelessness and Supportive Housing (HSH)	475,827
Emergency Response to Commercially Sexually Exploited Children	414,822
Huckleberry's Cole Street Clinic	399,614
San Francisco Multi-service Center	278,957
Child Abuse Treatment Program	262,680
Homeless Youth Innovative Services (HI) Program	218,236
Board of State Community Corrections	183,944
Huckleberry's Wellness Academies	80,211
San Francisco District Attorney – Child Case Management (Cal OES)	79,386
San Francisco Department on the Status of Women	47,740
Lyric Center for LGBTQ Youth	40,717
San Francisco SOL (Safety, Opportunity, Lifelong relationships) Collaborative	39,357
Others	<u>5,599</u>
	<u>\$5,168,385</u>