

# HUCKLEBERRY YOUTH PROGRAMS, INC.

## **FINANCIAL STATEMENTS**

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June 30, 2023

(With Summarized Comparative Totals for 2022)

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Huckleberry Youth Programs, Inc.  
San Francisco, California

### Opinion

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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Huckleberry Youth Programs, Inc. (the Organization) as of June 30, 2023, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of Matter

As discussed in Note 2, beginning July 1, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842) and its related amendments using the modified-retrospective transition method. Our conclusion is not modified with respect to this matter.

### Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those statements in our report dated January 10, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Winder, Inc.*

Long Beach, California  
March 5, 2024

HUCKLEBERRY YOUTH PROGRAMS, INC.

STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

ASSETS

	June 30,	
	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 1,809,732	\$ 1,735,539
Government grants receivable	2,150,197	2,173,859
Contributions receivable	208,000	444,000
Prepaid expenses and other current assets	148,214	116,441
Deposits	26,952	30,232
Operating lease right-of-use asset, net	2,933,407	-
Property and equipment, net	<u>388,915</u>	<u>237,896</u>
<b>TOTAL ASSETS</b>	<u>\$ 7,665,417</u>	<u>\$ 4,737,967</u>

LIABILITIES AND NET ASSETS

<b>LIABILITIES</b>		
Accounts payable	\$ 102,324	\$ 215,677
Accrued liabilities	602,664	484,467
Operating lease liability	<u>3,148,507</u>	<u>-</u>
	<u>3,853,495</u>	<u>700,144</u>
<b>NET ASSETS</b>		
Without donor restrictions	2,808,149	2,792,493
With donor restrictions	<u>1,003,773</u>	<u>1,245,330</u>
Total net assets	<u>3,811,922</u>	<u>4,037,823</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 7,665,417</u>	<u>\$ 4,737,967</u>

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

HUCKLEBERRY YOUTH PROGRAMS, INC.

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

	Without Donor Restrictions	With Donor Restrictions	For the Year Ended June 30,	
			<u>2023</u>	<u>2022</u>
<b>Revenue and support:</b>				
Government grants	\$ 5,249,901	\$ -	\$ 5,249,901	\$ 5,073,854
Contributions	904,658	1,104,950	2,009,608	2,393,508
Gross special events revenue	297,503	-	297,503	215,443
Other income	56,111	-	56,111	59,323
Net assets released from restrictions	<u>1,346,507</u>	<u>(1,346,507)</u>	<u>-</u>	<u>-</u>
 Total revenue, support and net assets released from restrictions	 <u>7,854,680</u>	 <u>(241,557)</u>	 <u>7,613,123</u>	 <u>7,742,128</u>
<b>Expenses:</b>				
Program	6,119,083	-	6,119,083	5,871,393
Management and general	986,857	-	986,857	957,953
Fundraising	<u>733,084</u>	<u>-</u>	<u>733,084</u>	<u>578,688</u>
Total expenses	<u>7,839,024</u>	<u>-</u>	<u>7,839,024</u>	<u>7,408,034</u>
 <b>CHANGE IN NET ASSETS</b>	 <u>15,656</u>	 <u>(241,557)</u>	 <u>(225,901)</u>	 <u>334,094</u>
 <b>NET ASSETS, BEGINNING OF YEAR</b>	 <u>2,792,493</u>	 <u>1,245,330</u>	 <u>4,037,823</u>	 <u>3,703,729</u>
 <b>NET ASSETS, END OF YEAR</b>	 <u>\$ 2,808,149</u>	 <u>\$ 1,003,773</u>	 <u>\$ 3,811,922</u>	 <u>\$ 4,037,823</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, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
				<u>2023</u>	<u>2022</u>
Personnel expenses					
Salaries	\$ 3,850,755	\$ 695,572	\$ 429,544	\$ 4,975,871	\$ 4,657,391
Taxes and benefits	<u>890,521</u>	<u>136,035</u>	<u>103,354</u>	<u>1,129,910</u>	<u>838,734</u>
Total personnel expenses	4,741,276	831,607	532,898	6,105,781	5,496,125
Professional services	43,190	74,434	11,895	129,519	178,257
Subcontracts	131,908	-	-	131,908	356,005
Occupancy and office expenses	1,045,107	77,107	186,978	1,309,192	1,074,543
Travel, meetings, and professional development	47,487	2,062	1,313	50,862	55,891
Direct client assistance	<u>110,115</u>	<u>1,647</u>	<u>-</u>	<u>111,762</u>	<u>247,213</u>
Total expenses	<u>\$ 6,119,083</u>	<u>\$ 986,857</u>	<u>\$ 733,084</u>	<u>\$ 7,839,024</u>	<u>\$ 7,408,034</u>

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, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)**

	<b>For the Year Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (225,901)	\$ 334,094
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	23,513	30,936
Changes in operating assets and liabilities:		
Government grants receivable	23,662	972,115
Contributions receivable	236,000	(94,000)
Prepaid expenses and other current assets	(31,773)	22,090
Deposits	3,280	(200)
Accounts payable	(113,353)	(149,013)
Accrued liabilities	118,197	(12,718)
Operating lease right-of-use asset and liability, net	215,100	-
Net Cash Provided By Operating Activities	248,725	1,103,304
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(174,532)	(27,859)
Net Cash Provided By (Used In) Investing Activities	(174,532)	(27,859)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	74,193	1,075,445
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	1,735,539	660,094
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 1,809,732	\$ 1,735,539

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

**HUCKLEBERRY YOUTH PROGRAMS, INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 – Nature of Operations**

Huckleberry Youth Programs, Inc. (“Huckleberry” or “the Organization”) 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, the Organization’s mission is to educate, inspire, and support youth to develop healthy life choices, to maximize their potential, and to realize their dreams.

***Program Services***

*Huckleberry House* - The agency began in 1967 with the creation of Huckleberry House, the first adolescent crisis shelter in the country and the model for all adolescent shelters funded 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 1960s, some of whom were fleeing from 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 approximately 161 homeless, runaway, and at-risk youth, ages 11-18, 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 also have access to mental health counselors. Over the course of 2023, counselors provided adolescent assessment and individual therapy, comprehensive family assessments, family preservation counseling and family reunification therapy, and case management services to over 436 youth, ages 11-21.

HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 – Nature of Operations (Continued)

*Program Services (Continued)*

*Huckleberry ACE Academy* - Huckleberry Access to College Equity (“ACE”) Academy is a Marin community-based initiative preparing under-performing youth for college and careers in health care. The program recruited 135 high-potential, under-performing, low-income youth. Most will be the first in their families to go to college. The Huckleberry ACE Academy provides academic assistance (including SAT/ACT preparation), health education training, college counseling, and wraparound support services. One hundred percent of senior participants graduated from high school and one hundred percent of graduating participants are expected to enroll in a post-secondary institution this fall.

*Huckleberry Youth Health Center* - 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.

*Project READY* – 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 39 youth from the summer before they entered 8th grade through the first semester of 9th grade, with the most intensive services offered during 8th grade.

*Community Assessment and Resource Center* – Huckleberry's Community Assessment and Resource Center ("CARC") is considered one of the most successful community-based juvenile justice diversion programs in the United States of America. Managed by Huckleberry for the City and County of San Francisco, CARC provides a single point of entry for crisis intervention, assessment, service integration, and rehabilitation for 222 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 social, arts, athletic, and youth development programs.

**HUCKLEBERRY YOUTH PROGRAMS, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**NOTE 1 – Nature of Operations (Continued)**

***Program Services (Continued)***

*Huckleberry Teen Health Program* - Huckleberry Teen Health Program ("HTHP") is the primary provider of health access, youth development and other support services for youth in Marin County. Services include weekly teen clinics in San Rafael, health workshops offered in schools and community sites, individual and family counseling, and case management. Huckleberry was selected by Marin County to provide prevention counseling to youth referred by the Marin County Juvenile Drug Court. Many of HTHP's 1,867 clients served annually are from the Canal District of San Rafael. The primary ethnic group in the Canal District is Latino, including recent immigrants from Mexico and Central America. The program is located across the street from San Rafael High School.

*Huckleberry Advocacy and Response Team* - 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, or engaging in survival sex. Using a relationship-driven, empowerment, and client-centered approach, HART engaged 48 youth most disconnected from systems with the goal of re-engaging them with providers and connecting to their community.

**NOTE 2 – Summary of Significant Accounting Policies**

***Basis of Accounting and Presentation***

The financial statements of the Organization are prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) specific to nonprofit organizations. The Organization presents information about its net assets and activities by two net asset classes: without donor restrictions and with donor restrictions.

HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 2 – Summary of Significant Accounting Policies

*Basis of Accounting and Presentation (Continued)*

*Net Assets Without Donor Restrictions* - Net assets which have not been specifically restricted by a donor. Net assets without donor restrictions may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

*Net Assets With Donor Restrictions* - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. As restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Other donor stipulations are perpetual in nature. See Note 4 regarding the Organization's net assets with restrictions that are perpetual in nature.

*Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

*Prior-Year Comparative Information*

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

*Cash and Cash Equivalents*

Cash equivalents are all highly liquid investments with a maturity of three months or less when purchased, unless held for reinvestment as part of the investment portfolio, pledged to secure loan agreements or otherwise restricted or designated. The carrying amount approximates fair value because of the short maturity of those instruments.

HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 2 – Summary of Significant Accounting Policies (Continued)

*Contributed Nonfinancial Assets and Services*

Contributed nonfinancial assets and services are recognized at fair value as contribution revenue and expense at the time of donation. Fair value is determined using Level 3 management estimates and similar third-party data. Contributed nonfinancial services were recognized as revenue and administrative expenses during the years ended June 30, 2023 and 2022.

*Fair Value*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair value of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

*Level 1* - Inputs are quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

*Level 2* - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

*Level 3* - Unobservable inputs for the asset or liability. Unobservable inputs reflect the Organization’s own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization’s own data.

HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 2 – Summary of Significant Accounting Policies (Continued)

*Government Grants and Contributions Receivable*

Government grants and contributions receivable represent amounts due from government agencies and donors. Receivable balances with charges over 30 days old are considered delinquent and management begins collection efforts at this time. Delinquent receivables do not accrue interest. The Organization continually monitors the credit worthiness of each receivable and recognizes allowances for estimated bad debts on receivable balances that are no longer estimated to be collectible. The Organization adjusts any allowance for subsequent collections and final determination that a receivable is no longer collectible. There was no allowance considered necessary at June 30, 2023 and 2022.

Government grants and contributions are recognized as contribution revenue in the period unconditionally promised or received. The Organization reports contributions in the net assets with donor restrictions class if they are received with donor stipulations as to their use, or if the contribution contains an implied time restriction. They are initially reported in the net assets with donor restrictions class, even if it is anticipated such restrictions will be met in the current reporting period. Conditional promises to give for restricted purposes are presented as contributions without donor restrictions if the condition and restriction are met in the same reporting period. Conditional promises to give of approximately \$4,500,000 are not included on the statement of activities and will be recognized when such conditions are substantially met in future years by incurring qualifying costs within a budgeted target. If contributions are received without donor stipulations or an implied time restriction, they are considered unrestricted funds and are included as part of the Organization's net assets without donor restrictions. Cash received before conditions of contributions are met are deferred and presented as refundable advances on the statement of financial position. For the year ended June 30, 2023, approximately 84% of total revenue and support was from various government grants. Most of these grants are reimbursement grants, requiring the Organization to incur expense, prior to revenue recognition.

*Income Taxes*

The Organization is exempt from federal and California income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. As such, the Organization qualifies for the maximum charitable contribution deduction by donors. As of and for the year ended June 30, 2023, the Organization had no unrecognized tax benefits, tax penalties, or interest. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California is four years.

HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 2 – Summary of Significant Accounting Policies (Continued)

*Concentrations and Credit Risk*

Financial instruments which potentially subject the Organization to credit risk consist principally of cash and equivalents, various accounts, grants, and contributions receivable. The Organization’s cash is maintained in demand deposits and in money funds in high quality financial institutions. At times, such cash may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk on its cash and equivalents. The Organization generally does not maintain collateral for its receivable balances, and does not believe significant credit risk exists at June 30, 2023. Four agencies represented 55% of total government grants receivable at June 30, 2023. Four donors accounted for 99% of contributions receivable at June 30, 2023.

*Property and Equipment*

Property and equipment purchased by the Organization is recorded at cost. The Organization follows the practice of capitalizing all expenditures for land, buildings, and equipment over \$5,000 with a useful life greater than one year. The fair value of all donated property and equipment is similarly capitalized. Depreciation has been provided on the straight-line method based on the useful lives of the assets as follows:

Building	30 years
Building improvements	7 to 19 years
Leasehold improvements	5 to 10 years
Furniture and equipment	3 to 7 years
Vehicles	5 years

*Functional Expense Classification*

The Organization charges and allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with the program or support service are assigned directly. Expenses common to several functions are allocated based on total direct costs per function.



HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 2 – Summary of Significant Accounting Policies (Continued)

*Leasing Arrangements*

In February 2016, the Financial Accounting Standards Board (FASB) issued new lease accounting guidance in Accounting Standards Update (ASU) 2016-02 *Leases* (Topic 842) (ASU 2016-02), which modifies lease accounting for lessees to increase transparency and comparability by requiring the Organization to recognize a lease liability and a related right-of-use asset for all leases (with the exception of short-term leases) at the commencement date of the lease and to disclose key information about leasing arrangements.

Effective July 1, 2022, the Organization adopted ASU 2016-02. The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The Organization's policy for determining its lease discount rate used for measuring lease liabilities is to use the rate implicit in the lease whenever that rate is readily determinable. If the rate implicit in the lease is not readily determinable, then the Organization has elected to use its incremental borrowing rate or the risk-free discount rate, as permitted by U.S. GAAP, determined using a period comparable with that of the lease term.

The Organization has elected a policy to account for short-term leases, defined as any lease with a term less than 12 months, by recognizing all components of the lease payment in the statement of activities in the period in which the obligation for the payments is incurred.

The Organization adopted ASU 2016-02 utilizing the modified-retrospective transition method through a cumulative-effect adjustment. The adoption of ASU 2016-02 resulted in the recognition of a right-of-use-asset, net of prepaid lease payments and lease incentives, of \$3,417,714 and an operating lease liability of \$3,593,878 as of July 1, 2022. Results for periods beginning prior to July 1, 2022 continue to be reported in accordance with the Organization's historical accounting treatment. The adoption of ASU 2016-02 did not have a material impact on the Organization's results of operations or cash flows.

HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 2 – Summary of Significant Accounting Policies (Continued)

*Subsequent Events*

Subsequent events have been evaluated through March 5, 2024, which is the date the financial statements were available to be issued.

NOTE 3 – Contributions and Grants Receivable

Unconditional promises to give are estimated to be collected as follows at June 30, 2023:

Within one year	\$ 206,000
In one to five years	<u>2,000</u>
Total contributions and grants receivable	<u>\$ 208,000</u>

NOTE 4 – Property and Equipment

Property and equipment consisted of the following at June 30, 2023:

Land	\$ 113,419
Building	150,338
Building improvements	385,168
Leasehold improvements	311,708
Furniture and equipment	245,671
Vehicles	<u>122,512</u>
	1,328,816
Less accumulated depreciation	<u>(1,131,933)</u>
Construction in progress	<u>192,032</u>
Net property and equipment	<u>\$ 388,915</u>

**HUCKLEBERRY YOUTH PROGRAMS, INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 – Property and Equipment (Continued)**

In 2020, the Organization purchased a van with proceeds from a grant. The grant requires that the vehicle be used for the related restricted purpose over the life of the grant through June of 2024. The van has a cost basis of \$26,606, and related accumulated depreciation of \$15,964 as of June 30, 2023.

The Organization owns land with a cost basis of \$77,437 that is subject to a donor's restriction that the land be used for the Organization's programs in perpetuity.

Depreciation expense was \$23,513 and \$30,936 for the years ended June 30, 2023 and 2022, respectively.

**NOTE 5 – Accrued Unemployment Liability**

The Organization has elected to be self-insured through a multi-employer plan for the purposes of California State Unemployment Insurance. The estimated accrued unemployment liability of \$30,000 represents estimated future claims limited by the plan's stop loss policy. Unemployment insurance expense was \$54,129 for the year ended June 30, 2023.

**NOTE 6 – Line of Credit**

The Organization has a bank line of credit with a maximum borrowing limit of \$500,000. The line of credit is secured by the Organization's assets with interest payable monthly at 3.25% and expires in June 2031. There was no outstanding balance at June 30, 2023.

HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 7 – Net Assets With Donor Restrictions**

Net assets with donor restrictions are subject to donor-imposed stipulations that will be met by either actions of the Organization and/or the passage of time. At June 30, 2023 and 2022, net assets with donor restrictions consisted of the following:

	<u>2022</u>	<u>Additions</u>	<u>Releases</u>	<u>2023</u>
ACE Academy	\$ 214,169	\$ 124,000	\$ (204,848)	\$ 133,321
Teen health	225,000	270,000	(312,881)	182,119
Huckleberry House	103,761	359,950	(171,145)	292,566
Land - perpetual use for programs	77,437	-	-	77,437
Community Assessment and Resource Center	15,963	246,000	(241,964)	19,999
Project READY	115,000	105,000	(133,669)	86,331
Time restriction	<u>494,000</u>	<u>-</u>	<u>(282,000)</u>	<u>212,000</u>
Net assets with donor restrictions	<u>\$ 1,245,330</u>	<u>\$ 1,104,950</u>	<u>\$ (1,346,507)</u>	<u>\$ 1,003,773</u>

**NOTE 8 – Liquidity and Availability**

Financial assets available for general expenditures within one year at June 30, 2023 consisted of the following:

Financial assets:

Cash and equivalents	\$ 1,809,732
Government grants receivable	2,150,197
Contributions receivable	<u>208,000</u>
Total financial assets	<u>4,167,929</u>

Less amounts unavailable for general expenditures within one year due to:

Net assets with donor restrictions	(1,003,773)
Receivable balances due in excess of one year	<u>(2,000)</u>
Total amounts unavailable for general expenditures within one year	<u>(1,005,773)</u>

Total financial assets available for general expenditures within one year	<u>\$ 3,162,156</u>
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HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 8 – Liquidity and Availability**

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The Organization has a \$500,000 line of credit available to meet cash needs that matures in June 2031. There were no draws outstanding on the line of credit at June 30, 2023.

**NOTE 9 – Leases**

The Organization leases its office spaces under operating leases with expiration dates up to June 2038. The arrangements provide for minimum lease payments. Variable payments are not determinable at the lease commencement and are not included in the measurement of the lease asset and liability. The lease agreements do not include any material residual value guarantees or restrictive covenants.

The components of operating lease expenses that are included in occupancy and office expenses in the statement of functional expenses are as follows at June 30, 2023:

Operating leases	<u>\$ 728,855</u>
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The following summarizes the cash flow information related to leases for the year ended June 30, 2023:

Operating cash flows from operating activities

Noncash investing and financing activity:	\$ 445,371
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Right-of-use assets obtained in exchange for new operating lease liability	\$ 3,417,714
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HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 9 – Operating Leases (Continued)**

The weighted-average remaining lease terms and discount rate as of June 30, 2023 were as follows:

Weighted-average remaining lease term - finance leases	8.51 years
Weighted-average discount rate - finance leases	3.07%

The maturities of operating lease liabilities as of June 30, 2023 are as follows:

<u>Year Ending</u> <u>June 30,</u>	
2024	\$ 489,349
2025	494,913
2026	514,110
2027	377,634
2028	374,206
Thereafter	<u>898,295</u>
Total minimum lease payments	<u>\$ 3,148,507</u>

**NOTE 10 – Retirement Plan**

Pursuant to Section 403(b) of the Internal Revenue Code, the Organization contributes to a tax- sheltered annuity plan (the “Plan”) for qualifying employees. The Organization made no employer contributions to the Plan during the years ended June 30, 2023.

HUCKLEBERRY YOUTH PROGRAMS, INC.

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 11 – Program Expenses

Program expenses were applied to programs for the year ended June 30, 2023 as follows:

	Huckleberry House	Huckleberry ACE Academy	Project READY	Huckleberry Youth Health Center	Huckleberry Advocacy & Response Team	Huckleberry Teen Health Program	Community Assessment & Resource Center	Total Program
Personnel expenses								
Salaries	\$ 954,067	\$ 295,087	\$ 245,599	\$ 680,362	\$ 433,248	\$ 583,179	\$ 659,213	\$ 3,850,755
Employer taxes and benefits	265,467	58,307	46,035	154,504	83,391	130,730	152,087	890,521
Personnel expenses	1,219,534	353,394	291,634	834,866	516,639	713,909	811,300	4,741,276
Professional services	4,772	1,798	2,088	14,214	7,655	5,669	6,994	43,190
Subcontracts	-	-	-	-	-	-	131,908	131,908
Occupancy and office expenses	93,855	113,450	89,036	198,806	193,907	162,375	193,678	1,045,107
Travel, meetings, and professional development	5,373	4,447	2,064	11,025	5,206	7,397	11,975	47,487
Direct client assistance	24,736	22,413	3,438	16,624	15,361	18,956	8,587	110,115
Total expenses	\$ 1,348,270	\$ 495,502	\$ 388,260	\$ 1,075,535	\$ 738,768	\$ 908,306	\$ 1,164,442	\$ 6,119,083