

**Coastside Hope**  
**(a nonprofit public benefit corporation)**

Financial Statements  
and  
Independent Auditors' Report

For the Years Ended  
June 30, 2019 and 2018



Coastside Hope  
*Neighbors Helping Neighbors In Need...*

# Coastside Hope

For the Years Ended June 30, 2019 and 2018

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Coastside Hope  
El Granada, CA

We have audited the accompanying financial statements of Coastside Hope (the Organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 Coastside Hope as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads 'Wheeler'.

San Jose, CA  
October 8, 2019

**COASTSIDE HOPE**  
Statement of Financial Position  
As of June 30, 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 331,166	\$ 79,563	\$ 410,729
Investments	797,340	-	797,340
Accounts Receivable	205	-	205
Government Grants Receivables	58,744	-	58,744
Community Grants Receivables	20,000	85,200	105,200
Inventory	40,396	-	40,396
Prepaid Expenses	14,369	-	14,369
<b>Total Current Assets</b>	<b>1,262,220</b>	<b>164,763</b>	<b>1,426,983</b>
<b>Long Term Assets</b>			
Pledge Receivable	-	60,000	60,000
Property and Equipment, net	551,472	-	551,472
<b>Total Long Term Assets</b>	<b>551,472</b>	<b>60,000</b>	<b>611,472</b>
<b>Total Assets</b>	<b>\$ 1,813,692</b>	<b>\$ 224,763</b>	<b>\$ 2,038,455</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts Payable and Accrued Expenses	\$ 49,558	\$ -	\$ 49,558
Current Portion of Notes Payable	3,949	-	3,949
<b>Total Current Liabilities</b>	<b>53,507</b>	<b>-</b>	<b>53,507</b>
<b>Long Term Liabilities</b>			
Notes Payable, net of Current Portion	302,662	-	302,662
Rental Deposits	5,400	-	5,400
<b>Total Long Term Liabilities</b>	<b>308,062</b>	<b>-</b>	<b>308,062</b>
<b>Total Liabilities</b>	<b>361,569</b>	<b>-</b>	<b>361,569</b>
<b>Net Assets</b>			
Without Donor Restrictions	1,452,123	-	1,452,123
With Donor Restrictions	-	224,763	224,763
<b>Total Net Assets</b>	<b>1,452,123</b>	<b>224,763</b>	<b>1,676,886</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,813,692</b>	<b>\$ 224,763</b>	<b>\$ 2,038,455</b>

*See Independent Auditors' report and accompanying notes to financial statements*

**COASTSIDE HOPE**  
Statement of Financial Position  
As of June 30, 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 269,507	\$ 178,238	\$ 447,745
Investments	592,960	-	592,960
Accounts Receivable	1,385	-	1,385
Government Grants Receivables	43,743	-	43,743
Community Grants Receivables	38,827	75,000	113,827
Inventory	30,764	-	30,764
Prepaid Expenses	14,422	-	14,422
<b>Total Current Assets</b>	<b>991,608</b>	<b>253,238</b>	<b>1,244,846</b>
<b>Long Term Assets</b>			
Property and Equipment, net	570,851	-	570,851
<b>Total Long Term Assets</b>	<b>570,851</b>	<b>-</b>	<b>570,851</b>
<b>Total Assets</b>	<b>\$ 1,562,459</b>	<b>\$ 253,238</b>	<b>\$ 1,815,697</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts Payable and Accrued Expenses	\$ 67,663	\$ -	\$ 67,663
Current Portion of Notes Payable	3,832	-	3,832
<b>Total Current Liabilities</b>	<b>71,495</b>	<b>-</b>	<b>71,495</b>
<b>Long Term Liabilities</b>			
Notes Payable, net of Current Portion	306,611	-	306,611
Rental Deposits	5,200	-	5,200
<b>Total Long Term Liabilities</b>	<b>311,811</b>	<b>-</b>	<b>311,811</b>
<b>Total Liabilities</b>	<b>383,306</b>	<b>-</b>	<b>383,306</b>
<b>Net Assets</b>			
Without Donor Restrictions	1,179,153	-	1,179,153
With Donor Restrictions	-	253,238	253,238
<b>Total Net Assets</b>	<b>1,179,153</b>	<b>253,238</b>	<b>1,432,391</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,562,459</b>	<b>\$ 253,238</b>	<b>\$ 1,815,697</b>

*See Independent Auditors' report and accompanying notes to financial statements*

**COASTSIDE HOPE**  
Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Program Revenue	\$ 76,276	\$ -	\$ 76,276
Community Contributions	38,323	607,883	646,206
Immigration Fees	52,694	-	52,694
Fundraising Revenue	9,745	-	9,745
Fundraising Expenses	(10,573)	-	(10,573)
Grants	189,979	-	189,979
In-kind Donations	272,577	-	272,577
	629,021	607,883	1,236,904
Total Support and Revenue			
Adjustments			
Release of donor-restricted net assets	636,358	(636,358)	-
Expenses			
Program Services	959,508	-	959,508
Management and General	66,641	-	66,641
Fundraising	19,009	-	19,009
	1,045,158	-	1,045,158
Total Expenses			
Other Revenue			
Rental Income	36,156	-	36,156
Gain on Investments	5,657	-	5,657
Interest and Dividends Income	10,936	-	10,936
	52,749	-	52,749
Total Other Revenue			
Change in Net Assets	272,970	(28,475)	244,495
Net Assets:			
Beginning of Year	1,179,153	253,238	1,432,391
End of Year	\$ 1,452,123	\$ 224,763	\$ 1,676,886

*See Independent Auditors' report and accompanying notes to financial statements*

**COASTSIDE HOPE**  
Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Program Revenue	\$ 76,331	\$ -	\$ 76,331
Community Contributions	356,649	156,937	513,586
Immigration Fees	61,370	-	61,370
Fundraising Revenue	13,308	-	13,308
Fundraising Expenses	(5,484)	-	(5,484)
Grants	174,975	-	174,975
In-kind Donations	288,554	-	288,554
	965,703	156,937	1,122,640
Total Support and Revenue			
Adjustments			
Release of donor-restricted net assets	218,833	(218,833)	-
Expenses			
Program Services	966,424	-	966,424
Management and General	63,831	-	63,831
Fundraising	27,650	-	27,650
	1,057,905	-	1,057,905
Total Expenses			
Other Revenue			
Rental Income	36,000	-	36,000
Gain on Investments	1,268	-	1,268
Interest Income	3,830	-	3,830
	41,098	-	41,098
Total Other Revenue			
Change in Net Assets	167,729	(61,896)	105,833
Net Assets:			
Beginning of Year	1,011,424	315,134	1,326,558
End of Year	\$ 1,179,153	\$ 253,238	\$ 1,432,391

*See Independent Auditors' report and accompanying notes to financial statements*

**COASTSIDE HOPE**  
Statement of Functional Expenses  
For the Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Total
Payroll and Benefits	\$ 440,148	\$ 20,882	\$ 19,009	\$ 480,039
Professional Services	16,590	28,370	-	44,960
Professional Development and Hospitality	2,624	-	-	2,624
Membership, Dues and Subscriptions	178	-	-	178
Program Travel	2,122	-	-	2,122
Insurance	10,467	-	-	10,467
Interest	1,281	-	-	1,281
Property Tax	6,199	283	-	6,482
Building Repairs and Maintenance	9,841	-	-	9,841
Storage Rental	9,600	-	-	9,600
Utilities	8,760	-	-	8,760
Telephones	8,545	-	-	8,545
Website and Internet	3,781	-	-	3,781
Postage and Delivery	4,570	-	-	4,570
Printing and Copying	4,634	-	-	4,634
Supplies	6,748	-	-	6,748
Marketing and Fundraising	13,854	-	-	13,854
Adopt-a-Family	86,142	-	-	86,142
Emergency Assistance	10,018	-	-	10,018
ESL Program	-	-	-	-
Food Bank	503	-	-	503
Immigration Program	6,353	-	-	6,353
LIBRE Program Costs	2,172	-	-	2,172
Grove Citizen Scholarship Grant	4,255	-	-	4,255
Vehicle Expenses	2,918	-	-	2,918
Rental Property Expenses	-	5,332	-	5,332
Bank Charges	3,878	-	-	3,878
In-Kind Donations	262,945	-	-	262,945
Taxes	-	3,957	-	3,957
Depreciation	26,007	7,817	-	33,824
Special Delivery	686	-	-	686
General Services	3,689	-	-	3,689
Total Expenses	<u>\$ 959,508</u>	<u>\$ 66,641</u>	<u>\$ 19,009</u>	<u>\$ 1,045,158</u>
	92%	6%	2%	100%

*See Independent Auditors' report and accompanying notes to financial statements*



**COASTSIDE HOPE**  
Statement of Functional Expenses  
For the Year Ended June 30, 2018

	Program Services	Management and General	Fundraising	Total
Payroll and Benefits	\$ 427,771	\$ 20,849	\$ 27,650	\$ 476,270
Professional Services	9,497	29,020	-	38,517
Professional Development and Hospitality	858	-	-	858
Membership, Dues and Subscriptions	1,058	-	-	1,058
Program Travel	2,645	-	-	2,645
Insurance	12,153	-	-	12,153
Interest	1,394	-	-	1,394
Property Tax	5,583	283	-	5,866
Building Repairs and Maintenance	12,710	-	-	12,710
Storage Rental	9,600	-	-	9,600
Utilities	9,311	-	-	9,311
Telephones	6,097	-	-	6,097
Website and Internet	2,942	-	-	2,942
Postage and Delivery	3,827	-	-	3,827
Printing and Copying	4,459	-	-	4,459
Supplies	4,229	-	-	4,229
Marketing and Fundraising	22,110	-	-	22,110
Adopt-a-Family	71,076	-	-	71,076
Emergency Assistance	788	-	-	788
ESL Program	948	-	-	948
Food Bank	1,103	-	-	1,103
Immigration Program	6,385	-	-	6,385
LIBRE Program Costs	1,550	-	-	1,550
Grove Citizen Scholarship Grant	4,457	-	-	4,457
Vehicle Expenses	3,409	-	-	3,409
Rental Property Expenses	-	2,093	-	2,093
Bank Charges	4,526	-	-	4,526
In-Kind Donations	306,080	-	-	306,080
Taxes	-	3,805	-	3,805
Depreciation	24,940	7,781	-	32,721
Special Delivery	4,060	-	-	4,060
General Services	858	-	-	858
Total Expenses	<u>\$ 966,424</u>	<u>\$ 63,831</u>	<u>\$ 27,650</u>	<u>\$ 1,057,905</u>
	91%	6%	3%	100%

*See Independent Auditors' report and accompanying notes to financial statements*

**COASTSIDE HOPE**  
Statement of Cash Flows  
For the Year Ended June 30, 2019

	Without Donor Restrictions	2019 With Donor Restrictions	Total
Cash flows from Operating Activities			
Change in Net Assets	\$ 272,970	\$ (28,475)	\$ 244,495
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation	33,824	-	33,824
Gain on Investments	5,657	-	5,657
(Increase) Decrease in Inventory	(9,632)	-	(9,632)
(Increase) Decrease in Accounts Receivable	1,180	-	1,180
(Increase) Decrease in Grants Receivables	(15,001)	-	(15,001)
(Increase) Decrease in Community Grants Receivables	18,827	(70,200)	(51,373)
(Increase) Decrease in Prepaid Expenses	53	-	53
Increase (Decrease) in Accounts Payable	(18,104)	-	(18,104)
Increase (Decrease) in Rental Deposit	200	-	200
Total Adjustments	<u>17,004</u>	<u>(70,200)</u>	<u>(53,196)</u>
Net Cash provided by (used in) Operating Activities	289,974	(98,675)	191,299
Cash flows from Investing Activities			
Purchases of Investments	(210,037)	-	(210,037)
Purchase of Equipment	<u>(14,446)</u>	<u>-</u>	<u>(14,446)</u>
Net Cash used in Investing Activities	<u>(224,483)</u>	<u>-</u>	<u>(224,483)</u>
Cash flows from Financing Activities			
Payments on long-term debt	<u>(3,832)</u>	<u>-</u>	<u>(3,832)</u>
Net Cash used in Financing Activities	<u>(3,832)</u>	<u>-</u>	<u>(3,832)</u>
Net Change in Cash and Cash Equivalents	61,659	(98,675)	(37,016)
Cash and Cash Equivalents Beginning of Year	<u>269,507</u>	<u>178,238</u>	<u>447,745</u>
Cash and Cash Equivalents End of Year	<u>\$ 331,166</u>	<u>\$ 79,563</u>	<u>\$ 410,729</u>
<u>Supplemental Disclosures</u>			
Cash Paid for Interest	\$ 1,281	\$ -	\$ 1,281
Cash Paid for Income Taxes	\$ 5,494	\$ -	\$ 5,494

*See Independent Auditors' report and accompanying notes to financial statements*

**COASTSIDE HOPE**  
Statement of Cash Flows  
For the Year Ended June 30, 2018

	Without Donor Restrictions	2018 With Donor Restrictions	Total
Cash flows from Operating Activities			
Change in Net Assets	\$ 167,729	\$ (61,896)	\$ 105,833
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation	32,721	-	32,721
Gain on Investments	(2,384)	-	(2,384)
(Increase) Decrease in Inventory	17,526	-	17,526
(Increase) Decrease in Accounts Receivable	(1,285)	-	(1,285)
(Increase) Decrease in Government Grants Receivables	1	-	1
(Increase) Decrease in Community Grants Receivables	(5,627)	75,000	69,373
(Increase) Decrease in Prepaid Expenses	900	-	900
Increase (Decrease) in Accounts Payable	9,681	-	9,681
Total Adjustments	51,533	75,000	126,533
Net Cash provided by (used in) Operating Activities	219,262	13,104	232,366
Cash flows from Investing Activities			
Purchase of Investments	(405,592)	-	(405,592)
Purchase of Equipment	(8,882)	-	(8,882)
Net Cash used in Investing Activities	(414,474)	-	(414,474)
Cash flows from Financing Activities			
Payments of Debt	(3,719)	-	(3,719)
Net Cash used in Investing Activities	(3,719)	-	(3,719)
Net Change in Cash and Cash Equivalents	(198,931)	13,104	(185,827)
Cash and Cash Equivalents Beginning of Year	468,438	165,134	633,572
Cash and Cash Equivalents End of Year	\$ 269,507	\$ 178,238	\$ 447,745
<u>Supplemental Disclosures</u>			
Cash Paid for Interest	\$ 1,394	\$ -	\$ 1,394

*See Independent Auditors' report and accompanying notes to financial statements*

**Coastside Hope**  
Notes to the Financial Statements  
As of June 30, 2019 and 2018

**1. NATURE OF ACTIVITIES**

Coastside Hope (the Organization), a not-for-profit corporation, was established in 1976 and operates in El Granada, California. Social service programs are the main focus of the Organization.

These programs include critical needs services for local low-income families and individuals, including food, clothing, rental and utilities assistance, shelter referral, infant needs and no cost tax preparation services. In addition, the Organization provides immigration and citizenship services to local immigrant workers under a program led by an Office of Legal Access Program accredited representative.

**2. SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The Organization prepares its financial statements using the accrual method of accounting in accordance with GAAP.

Fiscal Year

The Organization's fiscal year begins on July 1 and ends on June 30.

Classes of Net Assets

In accordance with GAAP, where applicable, the financial statements report amounts separately by the following classes of net assets:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The Governing board has not designated any amount from net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor 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.

**Coastside Hope**  
Notes to the Financial Statements  
As of June 30, 2019 and 2018

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly-liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Funds donated to Coastside Hope's Adopt-a-Family holiday program are accounted for in a separate bank account, which is presented on the statement of financial position as donor-restricted.

Accounts, Grant and Pledge Receivables

All accounts, grant and pledge receivables are deemed collectible by management. Based on management's assessment of the grantors having outstanding balances and their past history, they concluded that losses on balances outstanding at year-end are unlikely. Management believes that all receivables will be collected within one year, therefore no allowance for doubtful accounts has been recorded.

Inventory

Inventory consists of donated food received from Second Harvest Food Bank and from the community. Inventories are determined using the first in, first out method and are valued at the lower of cost or net realizable value.

Prepaid Expenses

Prepaid expenses consist of expenses paid before they are incurred including insurance and other operating expenses.

Property and Equipment

Land, buildings, equipment, and improvements are recorded at cost if purchased or at fair market value at date of gift, if donated. Assets over \$1,500 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives. The estimated useful life ranges from 3 to 30 years, based on the nature of the asset.

Fair Value of Financial Instruments

Financial instruments included in the Organization's Statements of Financial Position as of June 30, 2019 and 2018 include cash, investment, accounts receivable, accounts payable and accrued expenses, and notes payable. The carrying amounts of these financial instruments represent a reasonable estimate of the corresponding fair values.

**Coastside Hope**  
Notes to the Financial Statements  
As of June 30, 2019 and 2018

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Recognition of Contribution Income

Contributions received are recorded as without donor restricted or with donor restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are with donor-restriction are reclassified to net asset without donor restrictions upon satisfaction of the restrictions.

Contributions of fixed assets or goods are recognized as in-kind donations at their fair market value. For the years ended June 30, 2019 and 2018, the value of in-kind food, fixed assets, and other items contributed to the Organization is \$262,945 and \$288,554, respectively.

In accordance with GAAP, unconditional contributions are recognized as income in the fiscal year awarded, including funds from multi-year grants, which are included in donor-restricted net assets until they are disbursed and expensed in the applicable year of the grant designation. Conditional grants are recognized as income in the period all contingent terms of the awards are met.

For the years ending June 30, 2019 and 2018, net assets with donor restrictions totaling \$224,763 and \$253,238, respectively were recognized as income, with the related funds disbursed, and expense recognized in subsequent fiscal years. Of the \$224,763 at June 30, 2019, grant terms require that \$60,000 to be disbursed by each year ended June 30, 2020 and 2021. Remaining net assets with donor restrictions are not time restricted; the funds will be disbursed as needed for the related programs.

Other Income Allocations – With and Without Donor Restrictions

All gains and losses arising from the sale, collection or other disposition of investments and fixed assets are accounted for in the fund that owned such assets according to restrictions placed on the original gift. Ordinary income derived from donor-restricted investments is accounted for in the donor-restricted fund.

Accounting for Significant Programs

The Organization's programs assist families and individuals with critical safety net needs and immigration services.

The Organization's programs are operated in conjunction with various partners and donors. The accounting for each program depends on the role of the partner or donor and the type of assistance provided.

Functional Allocation of Expenses

Functional classification allocates expenses according to the purpose for which the costs are incurred. Examples of functional classifications are program services (expenses directly related to the purpose for which the organization exists) and supporting activities (those indirectly related to the purposes for which the organization exists but necessary for its operations, i.e., management and general, and fundraising).

**Coastside Hope**  
Notes to the Financial Statements  
As of June 30, 2019 and 2018

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Advertising Expenses

Advertising expenses are recorded as they are incurred.

Tax Exemption Status

The Organization is exempt from federal and state income taxes under Sections 501(c)(3) of the Internal Revenue Code (IRC) and 23701(d) of the California Revenue and Taxation Code. The Organization does pay unrelated business income tax on rental activities that are not related to its exempt purpose. For the years ended June 30, 2019 and 2018, the Organization's unrelated business income tax was \$2,752 and \$3,203, respectively.

In accordance with GAAP, an organization must recognize the tax benefit associated with any tax positions taken for tax return purposes when it is more likely than not the position will be sustained. The Organization does not believe there are any material uncertain tax positions. The tax related interest or penalties for the years ended June 30, 2019 and 2018 were \$17 and \$0, respectively.

The Organization is subject to potential examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and the State of California. The tax years that remain subject to potential examination for the U.S. federal jurisdiction are June 30, 2016 and forward. The State of California tax jurisdiction is subject to potential examination for fiscal tax years June 30, 2015 forward.

Changing Standards

*Leases*

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842) ("ASU 2016-02"). ASU 2016-02 requires entities to recognize right-of-use assets and lease liabilities on the statement of financial position for the rights and obligations created by all leases, including operating leases, with terms of more than 12 months. The new standard also requires additional disclosures on the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative information. The new standard will be effective for the Organization on July 1, 2020. Early adoption is permitted. The Organization is in the process of evaluating the impact the adoption of this standard will have on its financial statements and related disclosures.

**Coastside Hope**  
Notes to the Financial Statements  
As of June 30, 2019 and 2018

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Presentation of Financial Statements of Not-for-Profit Organizations*

In August 2016, the FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities ("ASU 2016-14"), which significantly amends the standards for the presentation and accompanying disclosures of the financial statements of nonprofit organizations. This issuance of ASU 2016-14 is the first phase of a FASB project with the broad objective of re-examining the standards for financial statement presentation by nonprofit organizations. Some of the more significant changes are (a) only two classes of net assets are reported in the statement of financial position, (b) accumulated losses of donor-restricted endowment funds are no longer classified in unrestricted net assets and additional disclosures about endowment funds are required, (c) all nonprofit organizations are required to present an analysis of expenses by both nature and function either on the face of the statement of activities, as a separate statement, or in the notes to the financial statements, (d) nonprofit organizations are required to describe the methods used to allocate costs among the program and support functions, (e) while nonprofit organizations continue to be permitted to report cash flows from operating activities using either the direct or indirect method, a reconciliation to the indirect method is no longer required when the direct method is used, (f) investment return is reported net of external and direct internal investment expenses, (g) the release of restrictions on donor-restricted capital gifts is recognized when the assets are placed in service, (i) nonprofit organizations are required to provide qualitative and quantitative information about the organization's liquidity and the availability of its resources to fund general expenditures, and (j) enhanced disclosures about net assets with donor restrictions and designations of net assets made by the governing board are required. The guidance in ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted. ASU 2016-14 is to be applied to the financial statements using a retrospective application. The nature of any reclassifications or restatements and their effects, if any, on the changes in net asset classes for each period that is presented is required to be disclosed. The Organization has adopted ASU 2016-14 for year ended June 30, 2019 and has adjusted the presentation in these financial statements accordingly. Certain comparative amounts for the year ended June 30, 2018 have been reclassified with no effect on net assets, total assets or total liabilities to conform to the 2019 presentation.

*Inventory Measurement*

In July 2015, the FASB issued ASU No. 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory ("ASU 2015-11"), which requires entities to measure inventory at the lower of cost and net realizable value ("NRV"). ASU 2015-11 defines NRV as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The ASU will not apply to inventories that are measured by using either the last-in, first-out method or the retail inventory method. The guidance in ASU 2015-11 is effective prospectively for fiscal years beginning after December 15, 2016, and interim periods therein. The guidance in ASU 2016-14 moved the effective date to fiscal years beginning after December 15, 2017. Early adoption is permitted. Upon transition, entities must disclose the nature of and reason for the accounting change. The Organization does not expect that the adoption of this standard will have a material effect on its financial statements.



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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Contributions*

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 improves existing guidance on revenue recognition of grants and contracts to reduce diversity in accounting practice. The amendments in the ASU provide clarified guidance on evaluating whether a transaction should be accounted for as a contribution or an exchange transaction, based on whether a resource provider is receiving corresponding value in return for the resources transferred. ASU 2018-08 also includes an improved framework to determine whether a contribution is conditional and to better distinguish a donor-imposed condition from a donor-imposed restriction. The ASU also modifies the simultaneous release option currently in GAAP which allows a not-for-profit organization to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. This election may now be made for all restricted contributions that were initially classified as conditional without having to elect it for all other restricted contributions and investment returns. The guidance in ASU 2018-08 is effective as follows: transactions in which the Organization is the resource recipient in years beginning after December 15, 2018, and interim periods within years beginning after December 15, 2019; transactions in which the Organization is the resource provider in years beginning after December 15, 2019, and interim periods within years beginning after December 15, 2020. Early adoption is permitted. The Organization is in the process of evaluating the impact of the adoption of this standard will have on its financial statements and related disclosures.

**3. CONCENTRATION OF RISK**

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash, and receivables. The Organization maintains cash with commercial banks and other major financial institutions. At times, cash balances may be in excess of the Federal Deposit Insurance ("FDIC") limits of \$250,000.

The credit risk associated with receivables is mitigated by the fact that the receivables are due from Organization members, local donors and governments.

For the year ended June 30, 2019, approximately 29% of support revenue were provided by two contributors.

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**4. INVESTMENTS**

The Organization invests its money in US Treasury Bills and brokered certificates of deposit which are traded on the open market. The investments are shown at fair market value as of June 30, 2019 and 2018.

<u>Description</u>	June 30, 2019			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
US Treasury Bills	<u>\$ 797,340</u>	<u>\$ 797,340</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 797,340</u>	<u>\$ 797,340</u>	<u>\$ -</u>	<u>\$ -</u>

  

<u>Description</u>	June 30, 2018			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Brokered Certificate of Deposits	<u>\$ 592,960</u>	<u>\$ 592,960</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 592,960</u>	<u>\$ 592,960</u>	<u>\$ -</u>	<u>\$ -</u>

The basis for the carrying value of investments is from information provided by broker managed accounts. Fair value measurements of investment instruments are based on open actively traded securities markets as reported by investment account Broker statements.

The three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little to no market activity and that are significant to the fair value of the assets or liabilities.

When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. In certain cases, where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

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**5. PROPERTY AND EQUIPMENT**

The Organization owned the following property and equipment as of June 30, 2019 and 2018:

	2019	2018
Land	\$ 386,716	\$ 386,716
Building	493,016	491,347
Office Equipment	57,183	53,034
Vehicles	51,194	51,194
	988,109	982,291
Less accumulated depreciation	(436,637)	(411,440)
Net property and equipment	\$ 551,472	\$ 570,851

Depreciation expense for the years ended June 30, 2019 and 2018 were \$33,824 and \$32,721, respectively.

**6. REVENUE**

The Organization receives food from Second Harvest Food Bank for its Food Pantry, which is open daily except weekends and holidays. The Organization also receives food from community food drives conducted throughout the year and distributes the collected food through its Food Pantry. In addition, through The Organization's partnership with Second Harvest Food Bank, the Organization's employees and volunteers distribute food to eligible seniors and families on the second and fourth Mondays and on the third Thursday of every month through the Brown Bag and Family Harvest food programs, respectively. The following food assistance was received for the years ending June 30, 2019 and 2018:

	2019	2018
Food Pantry	\$189,288	\$200,857
Community Food Drive Donations	66,903	80,062
Second Harvest Brown Bag Program	150,292	117,164
Second Harvest Family Harvest Program	132,135	149,588
Total Donations	\$538,618	\$547,671

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**6. REVENUE (continued)**

The related income and expense for each program is included in the Organization's financial statements, with the exception of Brown Bag and Family Harvest donations.

The Organization arranges for rental and utilities assistance in coordination with San Mateo County Measure K, Community Action Agency Community Services Block Grant (CSBG) and other third-party programs. In addition, since 1986, the Organization has partnered with the San Francisco Chronicle as part of its annual Season of Sharing program. The Organization determines eligibility for these third-party run programs, however, related funds are distributed by the respective fiscal agents. Due to the nature of these transactions, The Organization does not recognize the related income or expense in its financial statements for these programs. Significant services provided for these programs for the years ending June 30, 2019 and 2018 are:

	<u>2019</u>	<u>2018</u>
San Mateo County Measure K - Rental Assistance	\$ 10,312	\$ 22,402
Community Service Block Grant - Rental Assistance	4,664	7,226
Season of Sharing	<u>12,350</u>	<u>3,599</u>
Total	<u>\$ 27,326</u>	<u>\$ 33,227</u>

The Organization receives funds from donations to the Organization's Adopt-a-Family program for holiday needs assistance. In addition to the funds received, donors directly sponsor families and seniors anonymously and shop for needed holiday items. The Organization also receives private grants for rental and shelter assistance to meet critical housing needs of community residents.

The income and expenses for these programs are directly reported in the Organization's financial statements, with the exception of Adopt-a-Family in-kind gifts purchased directly by donors. Funds released for these programs for the years ending June 30, 2019 and 2018 are:

	<u>2019</u>	<u>2018</u>
Adopt-a-Family	\$ 86,142	\$ 71,076
Rental/Shelter Assistance	<u>190</u>	<u>134</u>
Total	<u>\$ 86,332</u>	<u>\$ 71,210</u>

The Organization provides free tax preparation assistance to low-income individuals and families. These services are primarily provided by qualified Organization volunteers as part of the Earn It! Keep it! \$Save It! Program, in conjunction with the Internal Revenue Service and United Way of the Bay Area. For fiscal years ending June 30, 2019 and 2018, The Organization volunteers prepared 416 and 394 tax returns, respectively. The Organization includes related grant income and operating expenses for this program in its financial statements.

**Coastside Hope**  
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**6. REVENUE (continued)**

The Organization provides various other in-kind assistance, including diapers, toiletries, paper goods, school supplies, food for Thanksgiving dinners, winter coats and blankets, which are donated and distributed through a variety of programs. The Organization does not recognize income and expense for these in-kind donations in its financial statements.

In addition to safety net programs, The Organization provides low-cost immigration assistance and free citizenship classes to eligible individuals. The Organization includes income and expenses from these programs in its financial statements.

For the years ending June 30, 2019 and 2018, the Organization's programs assisted 1,439 and 1,405 households in the community, comprising 3,473 and 3,366 individuals, respectively.

For the years ending June 30, 2019 and 2018, the Organization's programs had 400 and 311 volunteers, who contributed 7,000 and 6,236 hours, respectively.

**7. NET ASSETS**

Donor-restricted net assets are restricted to the following purposes:

	<u>2019</u>	<u>2018</u>
Adopt-a-Family Program	\$ 67,484	\$ 78,222
Social Services Program	28,701	67,183
Immigration Program	8,578	32,833
Time Restricted	<u>120,000</u>	<u>75,000</u>
 Total Donor-Restricted Net assets	 <u><u>\$ 224,763</u></u>	 <u><u>\$ 253,238</u></u>

Net assets were released from donor restrictions as follows:

	<u>2019</u>	<u>2018</u>
Adopt-a-Family Program	\$ 86,142	\$ 71,076
Social Services Program	297,836	68,300
Immigration Program	117,380	4,457
Time Restricted	<u>135,000</u>	<u>75,000</u>
Total Net Assets Released from Restriction	<u><u>\$ 636,358</u></u>	<u><u>\$ 218,833</u></u>

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**8. LIQUIDITY AND AVAILABILITY**

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The Organization considers investment income without donor restrictions, appropriated earnings from donor-restricted and contributions without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, program expenses, and fundraising expenses to be paid in the subsequent year.

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

The following table reflects the Organization's financial assets as of June 30, 2019 , reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include board-designated special projects fund that is intended to fund special board initiatives not considered in the annual operating budget. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also include net assets with donor restrictions.

	June 30, 2019
Financial assets at year-end:	
Cash and cash equivalents	\$ 410,729
Investments	797,340
Accounts and grant receivables	164,149
Total financial assets	<u>1,372,218</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,372,218</u>

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**9. DEBT**

At June 30, long-term debt consisted of the following:

	2019	2018
Non-interest bearing note payable to San Mateo County Housing Division, secured by land & building. The entire principal and a share of the appreciated value of the property was due in the year 2025. In November 2016, San Mateo County agreed to extend the due date to the year 2055.	\$ 266,000	\$ 266,000
Note payable to San Mateo County Housing Division, secured by parking lot. Monthly payments of \$432, including interest at 3% per annum, are due through July 2028.	40,611	44,443
Total Notes Payable	306,611	310,443
Less Current Portion on note secured by parking lot	(3,949)	(3,832)
Total Long-Term Debt - Net	\$ 302,662	\$ 306,611

Future payments of principal for the years ended June 30:

2020	\$ 3,949
2021	4,069
2022	4,193
2023	4,320
2024	4,452
Thereafter	285,628
Total	\$ 306,611

**10. RELATED PARTY**

Storage space is rented from a board member to run the food bank program as well as storage space for other programs. For each of the years ended June 30, 2019 and 2018, the board member was paid \$12,000.

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**11. FUNCTIONAL EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore expenses require allocation on a reasonable basis that is consistently applied. The Organization allocates all expenses based on a time allocation of the employees per month and this is done for all expense other than grant expense. Grant expense is directly allocated to grant making. Facility related expenses are allocated based on estimated use of square footage.

**12. CONTINGENT LIABILITIES**

The Organization entered into an agreement with the San Mateo County Housing Division to provide financing for their operating premises (See Note 8). Terms of the agreement provide in part for the Organization to repay in March 2055, the face value of the debt of \$266,000 plus an amount equal to one-half of the market value of the property in excess of the original cost, less the value of improvements made by the Organization during its period of occupancy. The Organization records an accrual for contingent liabilities when a liability is both probable and reasonably estimable. With regards to the San Mateo County Housing Division agreement, the liability related to the future market value of the property is not estimable and is not reflected in the financial statements at June 30, 2019 or 2018. The Organization is in compliance with the note's specific loan covenant requirements for the years ended June 30, 2019 and 2018.

**13. LEASES**

The Organization leases copier equipment under an operating lease. Lease payments made during the fiscal year end totaled \$3,352. Future minimum lease payments are as follows:

For the Year Ending June 30:

2020	\$ 3,352
Total	<u>          </u> <u>          </u> \$ 3,352



**Coastside Hope**  
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**14. SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

Management evaluates events occurring subsequent to June 30, 2019 in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

No subsequent events were required to be recorded or disclosed.