TRINITY CENTER WALNUT CREEK

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

PEROTTI & CARRADE

Certified Public Accountants

TRINITY CENTER WALNUT CREEK

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PEROTTI & CARRADE
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Trinity Center Walnut Creek

We have reviewed the accompanying financial statements of Trinity Center Walnut Creek (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to the Center's financial data and making inquiries of the Center's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Trinity Center Walnut Creek and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Emphasis of Matter – Change in Accounting Principle

As discussed in notes 2 and 6 to the financial statements, the Organization changed its method of accounting for leases in the year ended June 30, 2023 due to the adoption of Accounting Standards Update (ASU) No. 2016-02.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

November 9, 2023

Perotti & Carrade

TRINITY CENTER WALNUT CREEK

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS

	2023	2022
Current Assets:		
Cash and cash equivalents	$ 773,846	$ 1,014,481
Certificates of deposit	149,996	-
Grants and contributions receivable	296,681	268,146
Other current assets	11,733	8,389.00
Total current assets	1,232,256	1,291,016
Non-Current Assets:		
Operating lease right-of-use asset	21,868	-
Property		
Furniture and equipment	57,254	57,254
Vehicle	90,528	5,585
Total	147,782	62,839
Less: accumulated depreciation	52,681	35,512
Property, net	95,101	27,327
Total Assets	$ 1,349,225	$ 1,318,343

LIABILITIES AND NET ASSETS

	2023	2022
Current Liabilities:		
Accounts payable and accrued expenses	$ 46,680	$ 41,665
Accrued vacation	38,091	32,249
Current portion of operating lease liability	12,259	-
Total current liabilities	97,030	73,914
Long-Term Liability: Operating lease liability	10,628	-
Total liabilities	107,658	73,914
Net Assets:		
Without donor restrictions	1,082,844	999,757
With donor restrictions	158,723	244,672
Total net assets	1,241,567	1,244,429
Total Liabilities and Net Assets	$ 1,349,225	$ 1,318,343

See accompanying notes and independent accountant's review report.

TRINITY CENTER WALNUT CREEK

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023 Without Donor Restrictions	2023 With Donor Restrictions	2023 Total	2022 Without Donor Restrictions	2022 With Donor Restrictions	2022 Total
Revenue and Support:						
Donations and grants	$ 1,189,859	$ 81,500	$ 1,271,359	$ 1,138,798	$ 218,005	$ 1,356,803
Contributed nonfinancial assets	120,000	-	120,000	129,600	-	129,600
Interest income	2,425	-	2,425	-	-	-
Fundraising events:						
Special event revenue	126,775	-	126,775	117,091	-	117,091
Less: costs of direct benefits to donors	(25,577)	-	(25,577)	(18,447)	-	(18,447)
Net revenues from special events	101,198	-	101,198	98,644	-	98,644
Release from restrictions	167,449	(167,449)	-	40,000	(40,000)	-
Total revenue and support	1,580,931	(85,949)	1,494,982	1,407,042	178,005	1,585,047
Expenses:						
Programs	1,109,323	-	1,109,323	1,107,290	-	1,107,290
General and administrative	233,956	-	233,956	117,606	-	117,606
Development	154,565	-	154,565	146,744	-	146,744
Total expenses	1,497,844	-	1,497,844	1,371,640	-	1,371,640
Change in Net Assets	83,087	(85,949)	(2,862)	35,402	178,005	213,407
Net Assets at Beginning of Year	999,757	244,672	1,244,429	964,355	66,667	1,031,022
Net Assets at End of Year	$ 1,082,844	$ 158,723	$ 1,241,567	$ 999,757	$ 244,672	$ 1,244,429

See accompanying notes and independent accountant's review report.

TRINITY CENTER WALNUT CREEK

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program	General and Administrative	Development	Total
Salaries	$ 613,644	$ 93,022	$ 91,643	$ 798,309
Payroll taxes and benefits	87,052	14,319	13,001	114,372
Facilities and equipment	219,782	22,771	22,434	264,987
Building security	97,397	9,483	9,344	116,224
Food and supplies	57,789	-	-	57,789
Bank and service charges	-	35,002	-	35,002
Insurance	14,796	9,651	2,210	26,657
Professional fees	-	15,696	10,092	25,788
Meals and entertainment	-	-	25,577	25,577
Depreciation	13,197	2,001	1,971	17,169
Office expenses	-	13,394	3,141	16,535
IT and software	-	13,095	-	13,095
Telephone	4,882	740	729	6,351
Printing	-	4,782	-	4,782
Auto and travel	784	-	-	784
Total expenses by function	1,109,323	233,956	180,142	1,523,421
Less: expenses included with revenues on the statement of activities				
Costs of direct benefit to donors	-	-	(25,577)	(25,577)
Total expenses included in expense section on the statement of activities	$ 1,109,323	$ 233,956	$ 154,565	$ 1,497,844

TRINITY CENTER WALNUT CREEK

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program	General and Administrative	Development	Total
Salaries	$ 612,216	$ 53,731	$ 80,918	$ 746,865
Payroll taxes and benefits	85,696	7,521	11,327	104,544
Facilities and equipment	221,057	13,543	20,395	254,995
Building security	67,868	4,139	6,233	78,240
Professional fees	3,938	13,445	16,758	34,141
Food and supplies	33,680	-	-	33,680
Insurance	23,918	2,100	3,161	29,179
IT and software	23,684	1,637	2,464	27,785
Bank and service charges	17,506	7,766	2,314	27,586
Meals and entertainment	-	-	18,447	18,447
Depreciation	9,158	804	1,210	11,172
Office expenses	1,710	6,130	1,301	9,141
Printing	280	6,349	-	6,629
Telephone	4,937	433	652	6,022
Auto and travel	1,642	8	11	1,661
Total expenses by function	1,107,290	117,606	165,191	1,390,087
Less: expenses included with revenues on the statement of activities				
Costs of direct benefit to donors	-	-	(18,447)	(18,447)
Total expenses included in expense section on the statement of activities	$ 1,107,290	$ 117,606	$ 146,744	$ 1,371,640

See accompanying notes and independent accountant's review report.

TRINITY CENTER WALNUT CREEK

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	$ (2,862)	$ 213,407
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,169	11,172
Noncash lease expense	199,827	-
Contributed nonfinancial assets related to lease expense	(120,000)	-
Changes in operating assets and liabilities:		
Grants and contributions receivable	(28,535)	(98,690)
Other current assets	(3,344)	(8,389)
Accounts payable and accrued expenses	5,015	25,575
Grant advance	-	(65,371)
Accrued vacation	5,842	32,249
Payment on operating leases liabilities	(78,808)	-
Net cash provided by (used for) operating activities	(5,696)	109,953
Cash Flows from Investing Activities:		
Investments in certificates of deposit, net	(149,996)	-
Additions to property	(84,943)	-
Net cash used for investing activities	(234,939)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(240,635)	109,953
Cash and Cash Equivalents - Beginning of Year	1,014,481	904,528
Cash and Cash Equivalents - End of Year	$ 773,846	$ 1,014,481

See accompanying notes and independent accountant's review report.

1. ORGANIZATION

Trinity Center Walnut Creek (the "Center") was founded in 2012 as a nonprofit organization providing support for those experiencing homelessness. The Center provides a winter homeless center, case management services, and other services to the homeless of the greater San Francisco Bay Area.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Center have been prepared using the accrual method of accounting. Significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation – The Center reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are board limits resulting from the nature of the Center, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Net assets with donor restrictions are resources that are 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, such as those that the donor stipulates that resources be maintained in perpetuity. There are no donor restricted net assets which are required to be maintained in perpetuity.

Cash and Cash Equivalents – Cash and cash equivalents are composed of bank checking and savings accounts.

Certificates of Deposit – Certificates of deposits are composed of certificates of deposit with original maturity dates of 90 days or more.

Contributions – Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions in which the use is limited by the donor are reported as increases in net assets with donor restrictions. Contributions that are restricted or conditioned by the donor are reported as increases in net assets without donor restriction if the restrictions or conditions are satisfied in the fiscal year in which the contributions are recognized. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restrictions are accomplished, net assets with donor restrictions are

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions, continued - reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution.

Allowance for Doubtful Accounts – An allowance for doubtful accounts reflects management's best estimate of probable losses inherent in grants and contributions receivable balances. Management primarily determines the allowance based on the aging of grants and contributions receivable balances. Receivables are generally considered past due once a receivable is older than thirty days. It is the Center's policy to not charge interest on its receivables. Receivables are written off once management has determined the ability to collect is not possible. No allowance was deemed necessary as of June 30, 2023 and 2022.

Advertising Costs – Advertising costs which were de minimus during the years ended June 30, 2023 and 2022, respectively, were expensed as incurred.

Property and Depreciation – Property consists of furniture and equipment and a vehicle. Depreciation has been calculated using the straight-line method applied over the estimated useful lives of the assets: five years. The Center capitalizes property and equipment acquisitions when their original cost or at time of donation, the fair market value, exceeds $2,500.

Tax-exempt Status – The Center is exempt from the federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar California statute. In addition, the Internal Revenue Service has determined that the Center is not a private foundation within the meaning of Section 509(a) of the Code. Accordingly, no provision for federal or state income taxes has been recorded. The Center's informational returns are subject to examination by the Internal Revenue Service and the California Franchise Tax Board, generally for three years and four years, respectively, after they are filed.

Contributed nonfinancial assets – Contributed nonfinancial assets represent contributed goods and services. The Center recognizes in-kind donations received at estimated fair value if such goods or services are measurable, would otherwise be purchased and (a) create or enhance nonfinancial assets or (b) require specialized skills, and are provided by individuals possessing those skills and would typically need to be paid for if not provided by donation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases – The Center determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Center does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Leases are evaluated on a regular basis to consider economic and strategic incentives of exercising the renewal options, and how they align with the Center's operating strategy. Therefore, substantially all the renewal option periods are not included within the lease term and the associated payments are not included in the measurement of the right-of-use asset and operating lease liability as the options to extend are not reasonably certain at lease commencement.

Use of Estimates – Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Functional Allocation of Expenses – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs, including personnel costs, insurance, depreciation, and occupancy, have been allocated among programs and supporting services benefited based upon management's analysis of time and effort spent on the programs and supportive services.

Recently Adopted Accounting Standard – Effective July 1, 2022, the Center adopted Accounting Standards Update (ASU) No. 2016-02, Leases, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Center recognized an operating lease right-of-use asset and operating lease liability of $34,590 in its statement of financial position as of July 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023.

3. LIQUIDITY AND AVAILABILITY

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

The following table reflects the Center's financial assets as of June 30, 2023 and 2022, that are available to meet general expenditures within one year of the statement of financial position date.

	2023	2022
Cash and cash equivalents	$ 773,846	$ 1,014,481
Certificates of deposit	149,996	-
Grants and contributions receivable	296,681	268,146
Less: amounts unavailable for general expenditures within one year	(158,723)	(244,672)
Net financial assets available to meet cash needs for general expenditures within one year	$ 1,061,800	$ 1,037,955

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following programs as of June 30, 2023 and 2022:

	2023	2022
Youth	$ 62,661	$ 150,000
Homeless	47,500	-
Vehicles	5,557	35,000
General operations	-	26,667
Interns	25,000	25,000
Wellness	18,005	8,005
Net assets at end of year with donor restrictions	$ 158,723	$ 244,672

4. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions were released from donors' restrictions by incurring expenses satisfying the restricted purpose specified by the donors during the years ended June 30, 2023 and 2022 as follows:

	2023	2022
Youth	$ 87,339	$ -
Vehicles	52,443	-
General operations	26,667	40,000
Wellness	1,000	-
Net assets released from donor restrictions	$ 167,449	$ 40,000

5. CONTRIBUTED NONFINANCIAL ASSETS

The entity adopted accounting standard ASU 2020-07 during the year ended June 30, 2022. No restatement was required. The standard required additional disclosures surrounding contributed nonfinancial assets. Contributed nonfinancial assets did not have donor-imposed restrictions, unless otherwise noted. During the years ended June 30, 2023 and 2022, the Center recognized the following nonfinancial assets within revenue on the statement of activities and where such nonfinancial assets are reflected on the statement of functional expenses:

2023

	Programs	General & Administrative	Development	Total
Facilities	$ 96,672	$ 8,088	$ 15,240	$ 120,000

2022

	Programs	General & Administrative	Development	Total
Facilities	$ 96,672	$ 8,088	$ 15,240	$ 120,000
IT and software	7,734	647	1,219	9,600
	$ 104,406	$ 8,735	$ 16,459	$ 129,600

Facilities is comprised of the discounted rent the Center receives for the lease of its facility. IT and software is comprised of professional IT services. Contributed facilities is valued and reported based on the estimated fair value of the lease compared to actual required payments at the commencement of the lease. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

6. LEASE COMMITMENTS

The Center evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) asset represents the Center's right to use underlying assets for the lease term, and the operating lease liabilities represent the Center's obligation to make lease payments arising from these leases. The ROU asset and lease liability, all of which arise from an operating lease, were calculated based on the present value of future lease payments over the lease terms. The Center has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. Only one contract met the criteria which is the office space used by the Center. The discount rate applied to calculate the lease liability as of June 30, 2023, was 1.60%.

For the year ended June 30, 2023, total operating lease costs were $199,827, of which donated rent totaled $120,000. As of June 30, 2023, the remaining lease term for the Center's operating lease was approximately one-and three-quarter years. The one operating lease expires in April 2025.

Cash paid for the operating lease for the year ended June 30, 2023 was $78,808. There were no noncash investing and financing transactions related to leasing other than the transition entry described in note 2.

Future minimum lease payments under noncancelable operating leases discounted to present value are presented in the following table, for the years ending June 30:

2024	$	12,519
2025		10,692
Total remaining lease payments		23,211
Present value discount		(324)
Remaining lease payments, net	$	22,887

Total rent expense for the year June 30, 2022 was $208,714 of which donated rent totaled $120,000 during the year.

7. RETIREMENT PLAN

The Center enrolled in the retirement plan offered by the State of California, the CalSavers Program. The plan permits employees to make contributes into the plan. There were no employer contributions made into the plan.

8. RISKS AND UNCERTAINTIES

Financial instruments that potentially subject the Center to credit risk include cash on deposit with a financial institution that at times exceed the insurance limit of the Federal Deposit Insurance Corporation (“FDIC”).

A substantial portion of the Center’s revenue is from local and state grants. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Center’s program and activities.

9. SUBSEQUENT EVENTS

Management of the Center has evaluated events and transactions subsequent to June 30, 2023, for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through November 9, 2023, the date the financial statements were available to be issued.