Las Trampas School, Inc.

Financial Statements

For the Years Ended

June 30, 2024 and 2023

With Independent Auditors' Report Thereon

(A California Not-for-Profit Corporation)

Mission

Las Trampas supports adults with developmental disabilities to discover their capabilities and to lead full lives in their home, at work, and in the community.

History

Las Trampas has a longstanding, rich history of providing services to people with developmental disabilities and their families. Founded in 1958 as a non-profit residential school by parents, family, and community members, Las Trampas School, Inc. provided on-site residential and educational services to children with developmental disabilities. The school was named for the creek that runs through the beautiful, three-and-a-half-acre property in Lafayette, California. As the children grew into adulthood along with progressive changes in service provisions, Las Trampas changed its mission to provide services to adults with developmental disabilities.

Currently, Las Trampas provides day program educational and vocational services, residential services, supported and independent living services throughout the communities of Lafayette, Concord, Pleasant Hill, and Walnut Creek, California. These services include:

- ADP Adult Development Program
- ARM Adult Residential Model
- SLS Supported Living Services
- ILS Independent Living Services

Philosophy

It is the philosophy of Las Trampas that all persons with developmental disabilities are entitled to develop their optimum state of social, physical, and mental well-being, and share an integrated lifestyle similar to what non-disabled persons enjoy.

Skills Training Methodologies

Las Trampas strives to provide the highest quality of services for adults with developmental disabilities by employing evidence-based teaching methods and curriculums that meet the training needs of the individuals served by the agency. Las Trampas provides training opportunities both on-site and in the community. On-site skills training includes simulated practice of the skills learned. However, Las Trampas believes that the best learning opportunities happen in community settings where the learned skills can be utilized in real-world settings, the settings where the individuals will be expected to employ the skills learned.

Board of Directors and Executive Management as of June 30, 2024

Name	Position	Name	Position
Michael Collier	Co-President	Helen Stacey Bernett	Director
Mark Mahaney	Co-President	Daniel Fujimoto	Director
Diego Guerrero	Treasurer	Claude Garbarino	Director
Peter Jurichko	Secretary	Ashleigh Norris	Director
		Elena Ricevuto	Director

Daniel L. Hogue, M.S.
Executive Director

(A California Not-for-Profit Corporation)

Contents

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Las Trampas School, Inc.

Opinion

We have audited the accompanying financial statements of Las Trampas School, Inc. (a California nonprofit organization) which comprise of the statement of financial position as of June 30, 2024 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Las Trampas School, Inc. as of June 30, 2024 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Las Trampas School, Inc. 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.

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 Las Trampas School, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued September 6, 2024.

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 GAAS 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 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 GAAS, 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 Las Trampas School, Inc.'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 Las Trampas School, Inc.'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 Las Trampas, Inc.'s financial statements as of and for the year ended June 30, 2023, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 6, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Regalia & Associates

Danville, California
September 6, 2024

Statements of Financial Position
June 30, 2024 and 2023

Assets

	2024	2023
Current Assets:		
Cash and cash equivalents	$ 740,460	$ 859,588
Accounts receivable	1,766	6,256
Grants and pledges receivable	644,053	699,767
Prepaid expenses and other assets	97,340	92,051
Total current assets	1,483,619	1,657,662
Noncurrent Assets:		
Investments	6,991,293	4,816,341
Operating right of use asset - equipment	68,500	84,506
Property and equipment, net	14,161,955	14,378,207
Total noncurrent assets	21,221,748	19,279,054
Total assets	$ 22,705,367	$ 20,936,716

Liabilities and Net Assets

	2024	2023
Current Liabilities:		
Accounts payable	$ 94,232	$ 80,114
Accrued expenses	325,725	255,093
Operating lease payable - current	17,061	15,955
Notes and leases payable - current	128,140	101,787
Refundable advance	755,667	755,667
Total current liabilities	1,320,825	1,208,616
Noncurrent Liabilities:		
Operating lease payable - noncurrent	51,439	68,552
Construction loan	3,843,227	3,893,334
Notes and leases payable - noncurrent	431,781	377,082
Total long-term liabilities	4,326,447	4,338,968
Total liabilities	5,647,272	5,547,584
Net Assets:		
Without donor restrictions:		
Undesignated	(227,702)	(1,701,764)
Board-designated for property and equipment	14,173,600	14,341,518
Board-designated for endowment	2,968,580	2,584,477
Total without donor restrictions	16,914,478	15,224,231
With donor restrictions	143,617	164,901
Total net assets	17,058,095	15,389,132
Total liabilities and net assets	$ 22,705,367	$ 20,936,716

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2024
(with Summarized Financial Information for the Year Ended June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
Operating revenue and contributed support:				
Operating revenue:				
Rent	$ 40,690	$ -	**$ 40,690**	$ 8,445
Interest and dividends	79,716	-	**79,716**	68,199
Realized and unrealized investment gains	793,010	-	**793,010**	298,252
Other revenue	87,823	-	**87,823**	34,626
Total operating revenue	1,001,239	-	**1,001,239**	409,522
Contributed support:				
Contributions	269,320	83,900	**353,220**	458,828
Grants from RCEB for tuition	7,165,162	-	**7,165,162**	6,602,611
Grants from RCEB for bussing	77,226	-	**77,226**	47,729
Fundraising events	124,692	-	**124,692**	294,083
Contributions of nonfinancial assets	1,350,868	-	**1,350,868**	6,155
Total contributed support	8,987,268	83,900	**9,071,168**	7,409,406
Net assets released from restrictions:				
Program restrictions	105,184	(105,184)	**-**	-
Total revenue and contributed support	10,093,691	(21,284)	**10,072,407**	7,818,928
Expenses:				
Program services	7,123,443	-	**7,123,443**	6,444,319
General and administrative	994,760	-	**994,760**	1,021,542
Fundraising	285,241	-	**285,241**	374,700
Total expenses	8,403,444	-	**8,403,444**	7,840,561
Increase (decrease) in net assets	1,690,247	(21,284)	**1,668,963**	(21,633)
Net assets at beginning of year	15,224,231	164,901	**15,389,132**	15,410,765
Net assets at end of year	$ 16,914,478	$ 143,617	**$ 17,058,095**	$ 15,389,132

Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Increase (decrease) in net assets	**$ 1,668,963**	$ (21,633)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	**675,221**	598,356
Bad debt expense	**-**	12,826
Amortization of operating right of use assets and operating lease liabiliti	**(1)**	(56,402)
Realized and unrealized investment (gains) losses	**(793,010)**	(298,252)
Reinvested interest and dividends	**(79,716)**	(68,199)
Changes in:		
Accounts receivable	**4,490**	(18,474)
Grants and pledges receivable	**55,714**	3,508
Prepaid expenses and other assets	**(5,289)**	184,969
Accounts payable	**14,118**	(1,393,318)
Accrued expenses	**70,632**	2,603
Net cash provided by (used for) operating activities	**1,611,122**	(1,054,016)
Cash flows from investing activities:		
Acquisition of property and equipment	**(458,969)**	(267,271)
Acquisition of investments, net	**(1,302,226)**	(1,370,745)
Net cash used for investing activities	**(1,761,195)**	(1,638,016)
Cash flows from financing activities:		
Proceeds from loan payable to SBA	**49,300**	-
Proceeds from construction loan	**-**	2,010,494
Proceeds generated from new vehicle lease	**145,875**	125,308
Accrual of interest related to notes payable	**1,998**	1,998
Principal payments under loans and leases payable	**(166,228)**	(13,292)
Net cash provided by financing activities	**30,945**	2,124,508
Decrease in cash and cash equivalents	**(119,128)**	(567,524)
Cash and cash equivalents at beginning of year	**859,588**	1,427,112
Cash and cash equivalents at end of year	**$ 740,460**	$ 859,588
Supplemental Disclosures:		
Interest paid	**$ 259,299**	$ 233,091
State registration taxes paid	**$ 400**	$ 400

Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services				Supporting Services			
	Residential Homes	Independent and Supported Living	Day Programs	Total Program Services	General and Admin-istrative	Fundraising	Total Supporting Services	Totals 2024
Salaries and benefits	$ 1,448,545	$ 2,592,815	$ 1,512,442	$ 5,553,802	$ 577,403	$ 236,839	$ 814,242	**$ 6,368,044**
Program consultants	69,234	-	3,600	72,834	-	1,500	1,500	**74,334**
Total salaries and related costs	1,517,779	2,592,815	1,516,042	5,626,636	577,403	238,339	815,742	**6,442,378**
Conferences and dues	1,239	3,502	10,072	14,813	13,104	5,804	18,908	**33,721**
Food	27,677	-	-	27,677	-	-	-	**27,677**
Insurance	33,232	56,615	43,648	133,495	8,447	2,544	10,991	**144,486**
Janitorial supplies	7,248	1,997	16,012	25,257	561	-	561	**25,818**
Office and administrative	35,653	3,860	31,506	71,019	31,301	22,730	54,031	**125,050**
Professional services	25,507	45,206	90,265	160,978	203,827	3,953	207,780	**368,758**
Program costs	16,358	9,557	22,663	48,578	241	62	303	**48,881**
Mortgage Interest	-	-	227,751	227,751	9,095	-	9,095	**236,846**
Repairs and maintenance	16,722	989	26,326	44,037	34,963	48	35,011	**79,048**
Supplies and services	4,531	1,969	1,670	8,170	2,821	1,267	4,088	**12,258**
Travel and auto	4,548	9,181	26,032	39,761	7,507	180	7,687	**47,448**
Utilities and telephone	27,959	18,108	59,475	105,542	26,515	3,797	30,312	**135,854**
Total expenses before depreciation	1,718,453	2,743,799	2,071,462	6,533,714	915,785	278,724	1,194,509	**7,728,223**
Depreciation	100,753	16,292	472,684	589,729	78,975	6,517	85,492	**675,221**
Total expenses	$ 1,819,206	$ 2,760,091	$ 2,544,146	$ 7,123,443	$ 994,760	$ 285,241	$ 1,280,001	**$ 8,403,444**

Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services				Supporting Services			
	Residential Homes	Independent and Supported Living	Day Programs	Total Program Services	General and Admin-istrative	Fundraising	Total Supporting Services	Totals 2023
Salaries and benefits	$ 1,409,036	$ 2,540,441	$ 1,169,010	$ 5,118,487	$ 609,438	$ 194,073	$ 803,511	**$ 5,921,998**
Program consultants	67,388	675	6,976	75,039	-	51,061	51,061	**126,100**
Total salaries and related costs	1,476,424	2,541,116	1,175,986	5,193,526	609,438	245,134	854,572	**6,048,098**
Conferences and dues	323	1,346	7,830	9,499	9,096	6,231	15,327	**24,826**
Bad debt expense	-	-	-	-	9,826	3,000	12,826	**12,826**
Food	29,008	2,200	-	31,208	47	-	47	**31,255**
Insurance	33,705	50,714	30,687	115,106	10,043	2,539	12,582	**127,688**
Janitorial supplies	7,053	1,340	10,235	18,628	366	15	381	**19,009**
Office and administrative	18,434	4,825	25,200	48,459	15,418	61,761	77,179	**123,638**
Professional services	3,019	34,251	74,340	111,610	212,463	7,540	220,003	**331,613**
Program costs	31,659	13,544	28,790	73,993	1,365	80	1,445	**77,438**
Mortgage Interest	-	-	168,244	168,244	6,718	-	6,718	**174,962**
Repairs and maintenance	33,905	671	24,230	58,806	28,852	112	28,964	**87,770**
Supplies and services	5,232	3,033	4,029	12,294	3,292	1,744	5,036	**17,330**
Travel and auto	2,854	7,736	14,972	25,562	7,092	142	7,234	**32,796**
Utilities and telephone	26,293	14,667	58,731	99,691	29,413	3,852	33,265	**132,956**
Total expenses before depreciation	1,667,909	2,675,443	1,623,274	5,966,626	943,429	332,150	1,275,579	**7,242,205**
Depreciation	70,526	16,117	391,050	477,693	78,113	42,550	120,663	**598,356**
Total expenses	$ 1,738,435	$ 2,691,560	$ 2,014,324	$ 6,444,319	$ 1,021,542	$ 374,700	$ 1,396,242	**$ 7,840,561**

1. Organization

Las Trampas School, Inc. (the School) was established as a California nonprofit corporation in 1958 to provide assistance to children and adults whose abilities are impaired due to mental or neurological deficiencies. The purpose of the School is to train, educate, and socially adjust these individuals to further condition of normal life, to help them develop suitable skills and occupational activities to the extent that they are able, and to organize social and recreational activities for the benefit of each individual.

Nature of Activities

The following four programs are included in the accompanying financial statements:

- Residential Homes (ARM) – Program is funded by California statute and provides licensed board and care of two residential homes for developmentally disabled individuals. There are eight consumers residing in the homes.

- Supported Living (SLS) – Program is funded by a contract with the Regional Center of the East Bay (RCEB) to support developmentally disabled individuals in their own residences. There are 20 consumers participating in this program.

- Day Program (ADP) – Program is funded by California statute and provides a program for approximately 70 individuals with more developmental challenges than the other programs and for consumers who are non-ambulatory and non-verbal.

- Independent-Living Services (ILS) – Program is funded by a contract with RCEB. This program is designed to support developmentally disabled individuals who are able to live in the community with minimum staff supervision. The School helps the individuals learn a particular skill such as budgeting, menu planning, or keeping medical appointments. During the fiscal year ended June 30, 2024, the School served 17 individuals participating in the ILS program.

2. Summary of Significant Accounting Policies

Basis of Presentation – The financial statements of the School have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

Measure of Operations – The statements of activities reflect all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the School’s ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

Comparative Financial Information - The accompanying financial statements include certain prior-year summarized comparative information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2023, from which the summarized information was derived.

2. Summary of Significant Accounting Policies *(continued)*

Cash and Cash Equivalents – The School's cash and cash equivalents consists of cash on deposit in checking accounts. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Concentrations of Credit Risk – Financial instruments that potentially subject the School to concentrations of credit risk consist principally of cash and cash equivalents and deposits. The School maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The School manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy.

To date, the School has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and grants receivable considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of the School's mission.

Accounts, Grants and Pledges Receivable – The School records accounts, grants and pledges receivable which are expected to be collected within one year at net realizable value. When material, grants and pledges receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue on the statement of activities. Receivables are written off when deemed uncollectible.

Receivables and Credit Policies – The School determined that no allowance for doubtful uncollectible accounts receivable is needed based on historical experience, an assessment of economic conditions, and a review of subsequent collections. It is the policy of the School to periodically assess receivables to determine proper carrying value and adjust the allowance for doubtful accounts (if necessary).

Investments – The School follows the provisions of *ASC* 958.320, *Investments – Debt and Equity Securities for Not-for-Profit Entities*, and has estimated the fair value of its investments using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that the School could realize in a current market exchange. The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of June 30, 2024 and 2023. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented.

Purchased investments are initially stated at cost. Investments received by gift are recorded at market value at the date of contribution. Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included on the statement of activities and changes in net assets. In accordance with *ASC 958.320*, the recorded amounts of all investments are adjusted annually to reflect current market values.

2. Summary of Significant Accounting Policies (*continued*)

Reclassifications – Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Fair Value Measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The School groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2: Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3: Unobservable inputs that cannot be corroborated by observable market data.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Property and Equipment - Property and equipment purchased by the School are stated at cost or, if donated, at estimated fair value as of the date of the gift. The costs of additions and major improvements are capitalized, while maintenance and repairs are charged to expense as incurred. Property and equipment are depreciated over the estimated useful lives of the assets (between 3 and 35 years) utilizing the straight-line method.

2. Summary of Significant Accounting Policies (*continued*)

Functional Allocation of Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities in accordance with the requirements of *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities,* which requires the School to report expenses by their natural classification. Every natural expense must be broken out into individual functional categories on an analysis of expenses by their nature and function. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (salaries, wages, and payroll taxes, professional services) have been allocated based on time and effort using the School's payroll allocations. Other common expenses which benefit all areas have been allocated in accordance with specific services received from vendors and/or other equitable and measurable methods.

Income Taxes – Financial statement presentation follows the recommendations of *ASC 740, Income Taxes*. Under ASC 740, the School is required to report information regarding its exposure to various tax positions taken by the organization and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold.

Management believes that the organization has adequately addressed all tax positions and that there are no unrecorded tax liabilities. Management believes that the School has adequately evaluated its current tax positions and has concluded that as of June 30, 2024, The School does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

The School has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. This exemption is subject to periodic review by the federal and state taxing authorities and management is confident that the organization continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

The School may periodically receive unrelated business income (such as sublease income) requiring the organization to file separate tax returns under federal and state statutes. Under such conditions, the School will calculate, accrue, and remit the applicable tax liability.

Contributions of Nonfinancial Assets – Contributed services and costs are reflected at the fair value of the contribution received in accordance with *ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit entities for Contributed Nonfinancial Assets*. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statement of activities and changes in net assets and statement of functional expenses.

2. Summary of Significant Accounting Policies (*continued*)

Revenue and Revenue Recognition - Revenue is recognized in accordance with authoritative guidance, including *ASU 2018-08, Not-for-Profit Entities (Topic 605) and ASU No. 2014-09, Revenue from contracts with Customers (Topic 606)* and *ASU No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions received and Contributions Made (Topic 605)*.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute is accounted for as a refundable advance until the conditions have been substantially met. Certain payments received could include both elements of contributed income and earned income (such as special events), and management evaluates such transactions in order to determine the proper revenue rules to apply and to bifurcate the revenue components. When applicable, revenue earned under a contractual arrangement (an “exchange transaction”) is recognized when income is earned and therefore measured as services are provided in accordance with *Topic 606*.

When applicable, program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

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

Net Assets Without Donor Restrictions
Net assets without donor restrictions represent funds which are available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, and it has opted to do so as of June 30, 2024 and 2023.

Net Assets With Donor Restrictions
Net assets with donor restrictions represent funds which are subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

2. Summary of Significant Accounting Policies (*continued*)

Recent and Relevant Accounting Pronouncements – The following pronouncements represent relevant current accounting guidance applicable to nonprofit organizations:

In August 2016, the FASB issued *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

In August 2014, the FASB issued *ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which requires an organization's management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of September 6, 2024 (the date of the Independent Auditors' Report), management has made this evaluation and has determined that the School has the ability to continue as a going concern.

In May 2014, the FASB completed its Revenue Recognition project by issuing *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*. This guidance establishes the principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The guidance (1) removes inconsistencies and weaknesses in existing revenue requirements, (2) provides a more robust framework for addressing revenue issues, (3) improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets, (4) provides more useful information to users of financial statements through improved disclosure requirements, and (5) simplifies the preparation of financial statements by reducing the number of requirements to which an organization must refer.

In June 2018, the FASB issued *ASU 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of *Topic 958, Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Accordingly, the School has incorporated these clarifying standards within the audited financial statements.

In November 2016, the FASB issued *ASU 2016-18, Restricted Cash*. This guidance requires entities to show the changes in the total of cash, cash equivalents, restricted cash, and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. When cash, cash equivalents, restricted cash and restricted cash equivalents are presented in more than one line item on the statements of financial position, the guidance requires a reconciliation of the totals in the statement of cash flows to the related captions in the statements of financial position.

2. Summary of Significant Accounting Policies *(continued)*

Recent and Relevant Accounting Pronouncements *(continued)*
On September 17, 2020, the FASB issued *ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This Update increases transparency around contributed nonfinancial assets (also known as "gifts-in-kind") received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. The Update requires that an organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires that an organization disclose:

1. A disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets.
2. For each category of contributed nonfinancial assets recognized:
   - Qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a description of the programs or other activities in which those assets were used
   - The organization's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets
   - A description of any donor-imposed restrictions associated with the contributed nonfinancial assets
   - A description of the valuation techniques and inputs used to arrive at a fair value measure in accordance with the requirements in *Topic 820, Fair Value Measurement*, at initial recognition.
   - The principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets.

3. Cash and Cash Equivalents

Cash and cash equivalents include all funds in banks (checking, savings, and certificates of deposit) at the time of purchase that have a maturity date of three months or less. The components of cash and cash equivalents are as follows at June 30:

	2024	2023
Checking (noninterest-bearing)	**$ 337,825**	$ 603,094
Money market and other deposits (interest-bearing)	**302,158**	210,175
Restricted for capital campaign (interest-bearing)	**71,231**	21,180
Restricted cash for individual client expenses (noninterest-bearing)	**29,246**	25,139
Total cash and cash equivalents	**$ 740,460**	$ 859,588

The School attempts to limit its credit risk associated with cash and cash equivalents by utilizing highly rated financial institutions. Funds in money market and other deposit accounts earn interest at the rate of 3.55% per annum at June 30, 2024.

4. Accounts, Grants and Pledges Receivables

Accounts receivable of $1,766 and $6,256 at June 30, 2024 and 2023, respectively, consist of contractually earned income related to the School's operating activities and are generally due within 30 days. Grants and pledges receivable of $644,053 and $699,767 at June 30, 2024 and 2023, respectively, represent amounts due from the School's grant agreement with RCEB which are generally due within 30 days and pledges for the School's capital campaign project which are expected to be collected by the end of the project. Certain receivables amounting to $12,826 were deemed uncollectible and written off as bad debt expense during the year ended June 30, 2024 and 2023. There were no bad debt write-offs during the year ended June 30, 2024.

5. Fair Value Measurements

Composition of assets utilizing fair value measurements at June 30, 2024 is as follows:

	Totals	Level 1	Level 2	Level 3
Investments:				
Money market and deposit accounts	$ 54,472	$ 54,472	$ -	$ -
Mutual funds	5,748,454	5,748,454	-	-
Treasury Bills	1,188,367	1,188,367		
Accounts receivable	1,766	-	1,766	-
Grants and pledges receivable	644,053	-	644,053	-
Totals	$ 7,637,112	$ 6,991,293	$ 645,819	$ -

Composition of assets utilizing fair value measurements at June 30, 2023 is as follows:

	Totals	Level 1	Level 2	Level 3
Investments:				
Money market and deposit accounts	$ 662,034	$ 662,034	$ -	$ -
Mutual funds	2,965,340	2,965,340	-	-
Treasury Bills	1,188,367	1,188,367		
Accounts receivable	6,256	-	6,256	-
Grants and pledges receivable	699,767	-	699,767	-
Totals	$ 5,521,544	$ 4,815,341	$ 706,023	$ -

The School had no assets classified as Level 3 at June 30, 2024 and 2023.

6. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of *ASC 710.25, Compensated Absences*. Under ASC 710.25, the School is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Annual leave accruals are recorded in the financial statements as an accrued liability based on hourly rates in effect at the end of the fiscal year. Accrued payroll liabilities amounted to $352,341 and $254,414 at June 30, 2024 and 2023, respectively, and are included with accrued expenses on the statements of financial position.

7. Investments and Endowment

Investments consist of the following at June 30:

	2024				2023			
		Cost		Fair Value		Cost		Fair Value
Money market and certificate of deposit	$	54,472	**$**	**54,472**	$	662,034	$	662,034
Treasury Bills		2,322,248		**2,373,757**		1,188,613		1,188,967
Mutual Funds:								
Large Cap		1,331,555		**3,146,658**		649,927		1,521,496
Mid-Cap		85,786		**397,450**		85,786		361,397
Short-Term income		521,723		**491,276**		521,723		482,446
Intermediate		333,239		**278,210**		333,239		280,182
Small Cap		167,102		**249,470**		167,102		319,819
Total investments	$	4,816,125	**$**	**6,991,293**	$	3,608,024	$	4,816,341

During the years ended June 30, 2024 and 2023, earnings on investments were reinvested. Investment income and expenses consist of the following for the years ended June 30:

		2024		2023
Interest and dividends	**$**	**79,716**	$	68,199
Realized gains		**171,317**		29,162
Unrealized gains		**621,693**		269,090
Investment expenses (reflected on the statement of functional expenses)		**(60,809)**		(36,594)
Investment income, net of investment expenses	**$**	**811,917**	$	329,857

Changes in endowment net assets for the years ended June 30, 2024 and 2023 are summarized as follows:

			With Donor Restrictions					
		Without Donor Restrictions		Time and Purpose		Perpetual In Nature		Total
Endowment net assets-June 30, 2022	$	2,335,302	$	-	$	49,500	$	2,384,802
Net realized and unrealized losses		215,702		-		-		215,702
Reclassifications		33,473		-		-		33,473
Endowment net assets-June 30, 2023	$	2,584,477	$	-	$	49,500	$	2,633,977
Net realized and unrealized gains		354,442		-		-		354,442
Reclassifications		29,661		-		-		29,661
Endowment net assets-June 30, 2024	**$**	**2,968,580**	**$**	**-**	**$**	**49,500**	**$**	**3,018,080**

The School’s Finance Committee has the responsibility for establishing the School’s return objectives (generally lower rates of return associated with more stable and safer investments) and to define the risk parameters. The Committee routinely oversees investment performances and reviews cash flows necessary to sustain the School’s operating activities.

7. Investments and Endowment *(continued)*

Endowment net asset composition by type of fund is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions: Time and Purpose	With Donor Restrictions: Perpetual In Nature	Total
As of June 30, 2024:				
Donor-restricted endowment funds	$ -	$ -	$ 49,500	$ 49,500
Board-designated endowment funds	2,968,580	-	-	2,968,580
Totals as of June 30, 2024	**$ 2,968,580**	**$ -**	**$ 49,500**	**$ 3,018,080**
As of June 30, 2023:				
Donor-restricted endowment funds	$ -	$ -	$ 49,500	$ 49,500
Board-designated endowment funds	2,584,477	-	-	2,584,477
Totals as of June 30, 2023	$ 2,584,477	$ -	$ 49,500	$ 2,633,977

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the School to retain as a fund of perpetual duration. In accordance with *ASC 958.205.55.31*, there are no deficiencies of this nature that are required to be reported in net assets without donor restrictions at June 30, 2024 and 2023. Such future deficiencies could result from unfavorable market fluctuations occurring after the investment of new restricted contributions and continued appropriation for certain programs which are deemed prudent by the Board of Directors. Deficiencies of this nature are reported in net assets with donor restrictions-time and purpose in accordance with *ASC 958.205.55.31*.

Return Objectives and Risk Parameters

The School has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the School must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Finance Committee and the Board of Directors, the endowment assets are invested in a manner that is intended to (1) produce results that approximate the price and yield results of the general market conditions (2) subject the School to a moderate level of investment risk and (c) maintain sufficient liquidity to meet planned expenditures.

Spending Policy and How the Investment Objectives Relate to Spending Policy

In accordance with the State of California's enacted version of UPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the fund, (b) the purposes of the School and the endowment funds, (c) general economic conditions, (d) the possible effect of inflation and deflation, (e) the expected total return from income and the appreciation of investments, (f) other resources of the School, and (g) the investment policies of the School.

7. Investments and Endowment *(continued)*

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the School relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The School targets a diversified asset allocation that places a greater emphasis on equity-based investments (mutual funds) to achieve its long-term return objectives within prudent risk constraints.

In accordance with this policy, the School reflected appropriations (and thus transferred funds out of its investment account into its general checking account) in the amount of $7,572 during the year ended June 30, 2024. During the year ended June 2023, the School transferred $1,370,745 out of its investment account into its general checking account. Over the long term, the School expects the current spending policy to allow its endowment fund assets to grow at a moderate rate annually. This is consistent with the School's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

8. Property and Equipment

Property and equipment consist of the following at June 30:

	2024	2023
Land	**$ 327,385**	$ 327,385
Buildings and improvements	**16,176,468**	16,115,093
Vehicles	**883,375**	649,231
Equipment	**731,269**	667,228
Total property and equipment	**18,118,497**	17,758,937
Less accumulated depreciation	**(3,956,542)**	(3,380,730)
Total property and equipment (net)	**$ 14,161,955**	$ 14,378,207

Depreciation expense amounted to $675,221 and $598,356 for the years ended June 30, 2024 and 2023, respectively, and is reflected on the statement of functional expenses. During the year ended June 30, 2023, the School donated one fully depreciated vehicle with an original cost basis of $37,199. This vehicle was donated to Car Donation Services. During the year ended June 30, 2024, the School retired fully depreciated property and equipment with original cost basis and accumulated depreciation in the amount of $99,409.

9. Notes, Leases, and Construction Loan Payable

Notes, leases, and construction loan payable are summarized as follows at June 30:

	2024	2023
Lease payable to TCF Equipment Finance, bearing interest at the effective rate of 5.725% per annum, secured by 2019 Ford Transit T-150, payable in equal installments of $859 over 60 months, with a final maturity date of December 2024.	**$ 5,268**	$ 14,931

9. Notes, Leases, and Construction Loan Payable *(continued)*

	2024	2023
Lease payable to TCF Equipment Finance, bearing interest at the effective rate of 10.99% per annum, secured by 2023 Ford Transit 350XL, payable in equal installments of $1,885 over 48 months, with a final maturity date of August 2027.	**$ 60,256**	$ -
Lease payable to TCF Equipment Finance, bearing interest at the effective rate of 10.99% per annum, secured by 2023 Ford Transit 350XL, payable in equal installments of $1,885 over 48 months, with a final maturity date of August 2027.	**60,256**	-
Lease payable to TCF Equipment Finance, bearing interest at the effective rate of 0.0999765% per annum, secured by two 2019 Ram ProMaster Vans, payable in equal installments of $3,178 over 60 months, with a final maturity date of November 2026.	**79,078**	107,730
Noninterest-bearing Community Development Block Grant, agreement, secured by real property (Moraga campus), with a maturity date of April 2031.	**165,000**	165,000
Community Development Block Grant, bearing interest at the fixed rate of 4.0%, secured by real property ("Maureen House"), with a maturity date of November 2032. If the School continues to comply with the terms of the loan agreement, the loan and interest will be forgiven and recorded as revenue (debt forgiveness) on the maturity date.	**50,000**	50,000
Construction line of credit with California Bank of Commerce bearing interest at the rate of Prime *plus* 0.75% during the construction phase. Upon completion of construction, interest rate becomes fixed at 10-year treasury rate *plus* 2.25% (6.61% per annum at June 30, 2024). The loan was converted to a traditional term loan in December 2022 with a monthly principal and interest payment of $19,421 and has a final maturity date of February 15, 2032.	**3,903,553**	3,956,803
Community Development Block Grant, bearing interest at fixed rate of 4.0%, secured by real property ("Sheila House"), with a final maturity date of August 2035. If the School continues to comply with the terms of the loan agreement, the loan and interest will be forgiven and recorded as revenue (debt forgiveness) on the maturity date.	**79,737**	77,739
Total notes, leases, and construction loan payable	**4,403,148**	4,372,203
Less: notes and leases payable-current portion	**(128,140)**	(101,787)
Notes, leases, and construction loan payable-noncurrent portion	**$ 4,275,008**	$ 4,270,416

9. Notes and Leases Payable *(continued)*

At June 30, 2024, principal payments under notes and leases payable over the next five years are due and payable as follows: Year ending June 30, 2025: $128,140; Year ending June 30, 2026: $136,525; Year ending June 30, 2027: $125,602; Year ending June 30, 2028: $79,803, Year ending June 30, 2028: $76,768 and thereafter: $3,856,310. Interest expense amounted to $261,300 and $233,091 for the years ended June 30, 2024 and 2023, respectively.

10. Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist of the following at June 30:

		2024		2023
Prepaid insurance	**$**	**59,081**	$	71,881
Prepaid interest on construction loan		**-**		9,044
Other prepaid expenses		**38,259**		11,126
Total prepaid expenses and other assets	**$**	**97,340**	$	92,051

Prepaid interest on construction loan is amortized in connection with the principal payments made. Prepaid insurance and other prepaids are expensed in the time period during which the benefits are derived.

11. Operating Right of Use Asset and Leases

Rent Expense

In accordance with *ASU 2016-02, Leases*, the School is required to reflect the present value of future operating lease payments (discounted at an appropriate borrowing rate) as an "Operating right of use" asset and a corresponding lease liability. Accordingly, the School has recorded a total lease liability in the amount of $68,500 for its equipment leases (split between current amount of $17,061 and noncurrent amount of $51,439) and a corresponding right of use asset in the amount of $68,500. The School has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The weighted average discount was less than 1.0%. There was no unamortized discount related to the operating right of use asset at June 30, 2024.

As of June 30, 2024, future minimum lease payments under the leases (including principal and accrued interest) are as follows: Year ending June 30, 2025: $18,773; Year ending June 30, 2026: $18,773; Year ending June 30, 2027: $18,773, and Year ending June 30, 2028: $17,923. The School also leases equipment under multi-year operating leases with maturity dates ranging from February 20, 2024 through September 30, 2027. The amortization of the right of use asset related to equipment amounted to $1 and $56,402 for the years ended June 30, 2024 and 2023, respectively.

Rent Income

The School leases its residential homes to individuals receiving care from the School. Rental agreements are under month-to-month arrangements. Rental revenue is reported as earned over the terms of the leases. Rental income amounted to $40,690 and $8,445 for the years ended June 30, 2024 and 2023, respectively, and is reflected as rent on the statement of activities and changes in net assets.

12. Government Contracts and Concentration Vulnerability

For the years ended June 30, 2024 and 2023, the School received $7,242,388 and $6,650,340, respectively, from RCEB, representing approximately 72% and 85%, respectively, of the School's total operating revenue. As of June 30, 2024 and 2023, the School reflected accounts receivable due from RCEB totaling $621,953 and $613,832, respectively. With respect to its funding agreement with RCEB, the contract states that not more than 15 percent of RCEB funds can be spent on administrative costs. For the years ended June 30, 2024 and 2023, administrative costs as a percentage of total expenses amounted to 11.84% and 13.03%, respectively. The ability of the School to sustain itself is vulnerable to the continued funding represented by this government contract, which presents a concentration vulnerability.

13. Net Assets

Net Assets Without Donor Restrictions
Net assets without donor restrictions consist of the following at June 30:

	2024	2023
Undesignated	**$ (227,702)**	$ (1,701,764)
Designated by the Board of Directors for property and equipment	**14,173,600**	14,341,518
Designated by the Board of Directors for endowment fund	**2,968,580**	2,584,477
Total net assets without donor restrictions	**$ 16,914,478**	$ 15,224,231

Net assets without donor restrictions of $16,914,478 and $15,224,231 at June 30, 2024 and 2023, respectively, represent the cumulative retained surpluses since the school's inception. The Board of Directors has designated a portion of the School's net assets for property and equipment and, separately, for an endowment fund.

Net Assets with Donor Restrictions – Time and Purpose Restrictions
The School recognizes support from net assets with donor restrictions when the restrictions imposed by the donors have been satisfied or expired. Net assets restricted by donors for time and purpose are summarized as follows for the year ended June 30, 2024:

Restricted For:	Beginning	Additions	Transfers	Ending
Residential homes	$ 17,721	$ 18,000	$ 11,720	**$ 24,001**
Gardens	-	900	110	**790**
Vans	90,000	-	90,000	**-**
Technology	1,000	-	-	**1,000**
Staff appreciation	6,680	-	3,354	**3,326**
Staff development	-	15,000	-	**15,000**
Staff sabbatical	-	50,000	-	**50,000**
Totals	$ 115,401	$ 83,900	$ 105,184	**$ 94,117**

13. Net Assets *(continued)*

Net assets restricted by donors for time and purpose are summarized as follows for the year ended June 30, 2023:

Restricted For:	Beginning	Additions	Transfers	Ending
Residential homes	$ 25,541	$ 15,723	$ 23,543	$ 17,721
Capital Campaign	-	17,897	17,897	-
Vans	-	90,000	-	90,000
Technology	1,000	-	-	1,000
Staff appreciation	4,060	6,400	3,780	6,680
Totals	$ 30,601	$ 130,020	$ 45,220	$ 115,401

Net Assets with Donor Restrictions in Perpetuity

Net assets with donor restrictions in perpetuity consist of the following at June 30:

	2024	2023
Gifts received and restricted for endowment programs	**$ 49,500**	$ 49,500

There were no contributions to net assets with donor restrictions in perpetuity during the years ended June 30, 2024 and 2023. All of the endowment funds represent donor contributions that are subject to restrictions of gift instruments requiring that the principal balances be maintained in perpetuity. The School is permitted to utilize all earnings from investments classified as donor restricted in perpetuity through an appropriation process under UPMIFA guidelines.

14. Contributions of Nonfinancial Assets

The School received unrestricted contributions amounting to $1,350,868 and $6,155 for the years ended June 30, 2024 and 2023, respectively. The values of these contributions met the criteria for recognition under *ASU 2020-07* and are reflected on the statement of activities and changes in net assets and consist of the following for the years ended June 30:

	2024	2023
Publicly traded securities	**$ 1,350,868**	$ -
Other	**-**	6,155
Total property and equipment (net)	**$ 1,350,868**	$ 6,155

Publicly traded securities were received from certain supporters of the School and such instruments were converted to cash at the earliest opportunity. The pro-bono services provided by outside vendors were utilized principally in connection with the activities associated with the construction of the School’s new buildings and classrooms and were not otherwise monetized by the School.

15. Liquidity

The School regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. The School has various sources of liquidity at its disposal, including cash and equivalents, receivables, and other sources (including the future collection of grants and pledges receivable).

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its ongoing activities in support of community initiatives to be general expenditures. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following at June 30:

	2024	2023
Cash and cash equivalents	**$ 740,460**	$ 859,588
Investments	**6,991,293**	4,816,341
Accounts receivable	**1,766**	6,256
Grants and pledges receivable	**64,053**	699,767
Less: amounts not available to be used within one year:		
Net assets with donor restrictions for programs	**(94,117)**	(115,401)
Net assets with donor restrictions in perpetuity	**(49,500)**	(49,500)
Board-designated net assets for endowment	**(2,968,580)**	(2,584,477)
Financial assets available to meet general expenditures over the next year	**$ 4,685,375**	$ 3,632,574

The School receives a substantial amount of support by way of restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the School must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of the School's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

16. Refundable Advance

During May 2020, the School applied for and received $755,667 in a forgivable loan under the Small Business Administration Paycheck Protection Program ("PPP"). Congress established the PPP to provide relief to small businesses during the coronavirus pandemic as part of the $2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136. This legislation authorized the United States Treasury Department to use the SBA's 7(a) small business lending program to fund loans of up to $10 million per borrower that qualifying businesses could spend to cover payroll, mortgage interest, rent, and utilities.

Under the guidance in *ASC 958-605*, management recorded this forgivable loan as a refundable advance. The School expended the funds for payroll, operating overhead, and other eligible costs in accordance with its agreement with the SBA and received full forgiveness of the loan during August 2021.

16. Refundable Advance *(continued)*

However, State Department of Developmental Services has filed a joint directive that the portion used to pay client service staff will need to be repaid to RCEB since RCEB paid for these staff salaries throughout the pandemic. At June 30, 2024 and 2023, the result of this directive is uncertain and the School has opted to record this as a refundable advance on the statements of financial position until the outcome of the joint directive can be fully resolved. Amounts not reimbursed to RCEB, if any, will be classified as government contributed income on the statement of activities and changes in net assets.

17. Commitments and Contingencies

In the normal course of business, the School could be subject to certain commitments and contingencies which might not be fully reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) grant restrictions and donor conditions which obligate the School to fulfill certain requirements as set forth in grant instruments, (b) funding levels which vary based on factors beyond the School's control, such as generosity of donors and general economic conditions, (c) employment and service agreements with key management personnel, including executive officers of the school, and (d) financial risks associated with funds on deposit in accounts at financial institutions. Certain of the grants and contracts (including current and prior costs) are subject to adjustment upon review and final acceptance by the granting agency. Management believes that such commitments, contingencies, and risks will not have a material adverse effect on the financial statements.

18. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, the School has evaluated subsequent events through September 6, 2024 the date the financial statements were available to be issued and in the opinion of management, there are no subsequent events which necessitate disclosure.