

Bay Area Community Resources

Financial Statements
and Single Audit Reports and Schedules

June 30, 2024 and 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bay Area Community Resources
San Rafael, California

Opinion

We have audited the accompanying financial statements of Bay Area Community Resources (a California nonprofit corporation) (the "Organization"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bay Area Community Resources as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bay Area Community Resources and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note 2 to the financial statements, the Organization adopted Financial Accounting Standards Board (FASB) Topic 326, *Financial Instruments - Credit Losses*. Our opinion is not modified with respect to that matter.

Responsibilities of Management 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, 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 Bay Area Community Resources's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bay Area Community Resources'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 Bay Area Community Resources'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Armanino^{LLP}
San Francisco, California

October 28, 2024

Bay Area Community Resources
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current assets		
Investments	\$ 73,668	\$ 55,500
Contributions and grants receivable, net	29,972,701	25,435,022
Prepaid expenses	<u>732,580</u>	<u>555,015</u>
Total current assets	<u>30,778,949</u>	<u>26,045,537</u>
Noncurrent assets		
Deposits	75,988	64,739
Operating lease right-of-use assets, net	433,290	303,077
Property and equipment, net	<u>140,228</u>	<u>170,954</u>
Total noncurrent assets	<u>649,506</u>	<u>538,770</u>
Total assets	<u>\$ 31,428,455</u>	<u>\$ 26,584,307</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 11,806,602	\$ 11,084,857
Deferred revenue	2,215,128	1,836,448
Line of credit	1,780,061	-
Paycheck Protection Program loan	24,591	40,206
Finance lease liability	7,078	14,214
Operating lease liabilities, current	<u>171,011</u>	<u>222,307</u>
Total current liabilities	16,004,471	13,198,032
Operating lease liabilities, net of current	<u>262,279</u>	<u>80,770</u>
Total liabilities	<u>16,266,750</u>	<u>13,278,802</u>
Net assets		
Without donor restrictions	12,484,159	10,387,861
With donor restrictions	<u>2,677,546</u>	<u>2,917,644</u>
Total net assets	<u>15,161,705</u>	<u>13,305,505</u>
Total liabilities and net assets	<u>\$ 31,428,455</u>	<u>\$ 26,584,307</u>

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

Bay Area Community Resources
Statement of Activities
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Government contracts and grants	\$ 44,372,573	\$ 2,595,579	\$ 46,968,152
School contracts and grants	50,926,150	1,312,932	52,239,082
Corporate foundation grants and individual contributions	2,048,577	1,853,005	3,901,582
Counseling fees	6,102,075	-	6,102,075
In-kind services	535,550	-	535,550
Other income	30,374	-	30,374
Net assets released from restriction	<u>6,001,614</u>	<u>(6,001,614)</u>	<u>-</u>
Total revenues, gains and other support	<u>110,016,913</u>	<u>(240,098)</u>	<u>109,776,815</u>
 Functional expenses			
Program services	<u>96,666,254</u>	<u>-</u>	<u>96,666,254</u>
Support services			
Management and general	10,573,959	-	10,573,959
Fundraising	<u>680,402</u>	<u>-</u>	<u>680,402</u>
Total support services	<u>11,254,361</u>	<u>-</u>	<u>11,254,361</u>
Total functional expenses	<u>107,920,615</u>	<u>-</u>	<u>107,920,615</u>
 Change in net assets	2,096,298	(240,098)	1,856,200
 Net assets, beginning of year	<u>10,387,861</u>	<u>2,917,644</u>	<u>13,305,505</u>
 Net assets, end of year	<u>\$ 12,484,159</u>	<u>\$ 2,677,546</u>	<u>\$ 15,161,705</u>

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

Bay Area Community Resources
Statement of Activities
For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and other support			
Government contracts and grants	\$ 35,040,495	\$ 2,129,527	\$ 37,170,022
School contracts and grants	35,315,441	3,981,282	39,296,723
Corporate foundation grants and individual contributions	1,257,814	2,288,531	3,546,345
Counseling fees	4,797,751	-	4,797,751
In-kind services	746,250	-	746,250
Other income	6,707	-	6,707
Net assets released from restrictions	<u>8,465,513</u>	<u>(8,465,513)</u>	<u>-</u>
Total revenues, gains and other support	<u>85,629,971</u>	<u>(66,173)</u>	<u>85,563,798</u>
Functional expenses			
Program services	<u>74,211,346</u>	<u>-</u>	<u>74,211,346</u>
Support services			
Management and general	9,649,939	-	9,649,939
Fundraising	<u>466,993</u>	<u>-</u>	<u>466,993</u>
Total support services	<u>10,116,932</u>	<u>-</u>	<u>10,116,932</u>
Total functional expenses	<u>84,328,278</u>	<u>-</u>	<u>84,328,278</u>
Change in net assets	1,301,693	(66,173)	1,235,520
Net assets, beginning of year	<u>9,086,168</u>	<u>2,983,817</u>	<u>12,069,985</u>
Net assets, end of year	<u>\$ 10,387,861</u>	<u>\$ 2,917,644</u>	<u>\$ 13,305,505</u>

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

Bay Area Community Resources
Statement of Functional Expenses
For the Year Ended June 30, 2024

	National Service Programs	Behavioral Health Programs	Workforce Development Programs	Expanded Learning Programs	Healthy Communities Programs	Fiscal Sponsorship Projects	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries and wages	\$ 16,332,832	\$ 5,390,915	\$ 4,792,490	\$ 36,168,610	\$ 3,133,123	\$ 246,484	\$ 66,064,454	\$ 5,571,005	\$ 427,440	\$ 5,998,445	\$ 72,062,899
Fringe benefits	2,550,051	841,685	748,253	5,647,018	489,175	38,483	10,314,665	869,803	66,736	936,539	11,251,204
Re-grants/scholarships	-	149,140	2,474,094	4,698,537	6,635	112,679	7,441,085	9,730	-	9,730	7,450,815
Recreation/wellness/events	228,604	1,374	79,662	749,640	22,076	2,549	1,083,905	65,368	-	65,368	1,149,273
Program support services	255	157,940	1,483,424	124,882	88,528	295,582	2,150,611	-	-	-	2,150,611
Materials and supplies	28,050	52,508	778,842	3,070,661	196,377	16,839	4,143,277	120,870	-	120,870	4,264,147
Professional development	485,305	47,768	225,246	567,553	24,937	10,434	1,361,243	576,382	-	576,382	1,937,625
Professional fees	1,555,833	638,650	-	15,357	1,848	40,949	2,252,637	375,625	181,946	557,571	2,810,208
Telecommunication and IT	10,556	32,665	37,523	58,320	17,287	3,863	160,214	519,276	-	519,276	679,490
Licenses and certifications	25,478	26,198	10,628	7,335	-	2,353	71,992	534,545	-	534,545	606,537
Outreach, promotion, and other program costs	72,608	1,411	20,895	11,495	7,166	1,021	114,596	172,886	-	172,886	287,482
Audit, insurance and legal	-	-	-	-	-	-	-	896,751	2,975	899,726	899,726
Facility expenses	119,641	93,927	636,264	362,249	102,310	33,650	1,348,041	595,963	1,305	597,268	1,945,309
Depreciation and amortization	-	-	-	-	-	-	-	53,725	-	53,725	53,725
Miscellaneous	11,967	141,759	-	5,808	-	-	159,534	212,030	-	212,030	371,564
	<u>\$ 21,421,180</u>	<u>\$ 7,575,940</u>	<u>\$ 11,287,321</u>	<u>\$ 51,487,465</u>	<u>\$ 4,089,462</u>	<u>\$ 804,886</u>	<u>\$ 96,666,254</u>	<u>\$ 10,573,959</u>	<u>\$ 680,402</u>	<u>\$ 11,254,361</u>	<u>\$ 107,920,615</u>

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

Bay Area Community Resources
Statement of Functional Expenses
For the Year Ended June 30, 2023

	National Service Programs	Behavioral Health Programs	Workforce Development Programs	Expanded Learning Programs	Healthy Communities Programs	Fiscal Sponsorship Projects	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries and wages	\$ 9,056,473	\$ 4,822,046	\$ 4,234,003	\$ 28,700,976	\$ 2,588,128	\$ 206,314	\$ 49,607,940	\$ 5,640,282	\$ 382,222	\$ 6,022,504	\$ 55,630,444
Fringe benefits	1,343,763	715,476	628,224	4,147,810	384,016	30,612	7,249,901	836,855	56,713	893,568	8,143,469
Re-grants/scholarships	-	210,635	2,609,986	3,338,208	27,307	420,236	6,606,372	-	-	-	6,606,372
Recreation/wellness/events	64,532	9,272	48,098	335,548	1,429	795	459,674	13,919	-	13,919	473,593
Program support services	268	75,701	2,358,549	191,680	50,559	292,679	2,969,436	-	-	-	2,969,436
Materials and supplies	10,839	49,118	155,941	2,849,655	113,195	39,376	3,218,124	65,515	-	65,515	3,283,639
Professional development	264,555	33,389	223,810	439,321	44,660	7,881	1,013,616	430,798	-	430,798	1,444,414
Professional fees	974,993	252,795	100,320	9,425	-	77,766	1,415,299	421,695	27,367	449,062	1,864,361
Telecommunication and IT	10,039	120,889	39,062	43,922	13,678	1,882	229,472	508,031	543	508,574	738,046
Licenses and certifications	31,230	34,945	10,545	2,837	1,857	4,980	86,394	389,815	148	389,963	476,357
Outreach, promotion, and other program costs	35,312	4,400	14,330	9,207	475	6,401	70,125	151,800	-	151,800	221,925
Audit, insurance and legal	-	-	-	-	-	-	-	690,756	-	690,756	690,756
Facility expenses	131,656	124,030	403,660	280,933	63,471	48,988	1,052,738	397,819	-	397,819	1,450,557
Depreciation and amortization	-	-	-	-	-	-	-	78,545	-	78,545	78,545
Miscellaneous	26,497	51,875	88,252	2,257	9,494	53,880	232,255	24,109	-	24,109	256,364
	<u>\$ 11,950,157</u>	<u>\$ 6,504,571</u>	<u>\$ 10,914,780</u>	<u>\$ 40,351,779</u>	<u>\$ 3,298,269</u>	<u>\$ 1,191,790</u>	<u>\$ 74,211,346</u>	<u>\$ 9,649,939</u>	<u>\$ 466,993</u>	<u>\$ 10,116,932</u>	<u>\$ 84,328,278</u>

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

Bay Area Community Resources
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ 1,856,200	\$ 1,235,520
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	53,725	78,545
Net realized and unrealized gains on investments	(18,168)	(3,388)
Change in allowance for credit losses and write-offs	68,239	28,058
Amortization of right-of-use assets	261,621	312,427
Changes in operating assets and liabilities		
Receivables	(4,605,918)	(5,949,018)
Prepaid expenses	(177,565)	246
Deposits	(11,249)	15,024
Accounts payable and accrued expenses	721,745	3,104,905
Deferred revenue	378,680	491,743
Operating lease liabilities	(277,236)	(312,427)
Net cash used in operating activities	(1,749,926)	(998,365)
Cash flows from investing activities		
Purchases of property and equipment	(22,999)	-
Net cash provided by (used in) investing activities	(22,999)	-
Cash flows from financing activities		
Net borrowings (payments) on line of credit	1,780,061	(747,455)
Payments on capital leases	(7,136)	(7,156)
Net cash provided by (used in) financing activities	1,772,925	(754,611)
Net increase (decrease) in cash and cash equivalents	-	(1,752,976)
Cash and cash equivalents, beginning of year	-	1,752,976
Cash and cash equivalents, end of year	\$ -	\$ -

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 172,022	\$ 9,539
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Supplemental schedule of noncash investing and financing activities

Operating lease ROU assets obtained in exchange for lease liabilities	\$ 407,449	\$ 589,398
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The accompanying notes are an integral part of these financial statements.

Bay Area Community Resources
Notes to Financial Statements
June 30, 2024 and 2023

1. NATURE OF OPERATIONS

Bay Area Community Resources (the "Organization") was formed on July 1, 1993 through the combination of two similar non-profit organizations that educate and help the public deal with substance abuse problems.

The Organization's primary purpose is to promote the healthy development of individuals, families and communities. The Organization obtains its funding primarily from government subcontracts and grants, contracts with schools, grants and contributions from foundations and corporations, and contributions from the general public. Direct services are organized into program groups, which have a similar focus and common participant outcomes. These programs serve youth and adults in seven Bay Area counties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and presented in accordance with accounting principles generally accepted in the United States of America (GAAP). Significant accounting policies are described below.

The Organization reports information regarding its financial position and activities according to two classes of net assets:

- *Net assets without donor restrictions* - Net assets available to support all activities of the Organization, and not subject to donor-imposed stipulations. These generally result from revenues generated by providing services, receiving contributions, and receiving interest from investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.
- *Net assets with donor restrictions* - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization does not have any assets with donor restrictions to be held in perpetuity at June 30, 2024 and 2023.

Bay Area Community Resources
Notes to Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") Topic 326, *Financial Instruments - Credit Losses* ("ASC 326"). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses.

The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements.

Cash and cash equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. At times, bank deposit accounts may exceed the FDIC limits.

Investments

Investments are carried at the quoted market value of the securities and are subject to market fluctuations. Gains and losses are reflected as increases or decreases in without donor restriction of net assets unless the donor or relevant laws place with donor restrictions on the gains and losses.

During the years ended June 30, 2024 and 2023, investments had a net appreciation in value of \$13,457 and \$3,388, respectively.

Investments and fair value measurements

Investments are reflected in the statements of financial position at fair value with changes in realized and unrealized gains and losses resulting from changes in fair value reflected in the statements of activities as investment gain or loss. Publicly traded investments in active markets are reported at the market closing. Investment transactions are recorded on a trade-date basis (for publicly traded investments) or upon closing of the transaction (for private investments).

- *Level 1* - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments, which would generally be included in Level I, includes listed equity securities.

Bay Area Community Resources
Notes to Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and fair value measurements (continued)

- *Level 2* - Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not identical as those used in Level 1. These inputs may include quoted prices for identical instruments on an inactive market. Fair value is determined through the use of models or other valuation methodologies.
- *Level 3* - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgment or estimation by management. The types of investments, which would generally be included in this category include debt, asset-backed securities, forward contracts, long-term debt securities, multi-strategy holding company swaps and warrants, real estate, and equity securities issued by private entities.

Property and equipment

Property and equipment are recorded at cost. Acquisitions of \$7,500 or more are capitalized. Leasehold improvements are amortized over the shorter of the estimated useful life or the life of the lease.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Office furniture	3-7 years
Office equipment	3-5 years
Vehicles	5 years
Leasehold improvements	Lesser of useful life or lease term

Leases

The Organization leases office spaces and equipment under operating leases and a vehicle under a finance lease. The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets and lease liabilities on the statements of financial position. Finance leases are included in property and equipment and lease liabilities on the statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Organization's lease does not provide an implicit rate, the Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Bay Area Community Resources
Notes to Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization has elected not to recognize right-of-use assets and lease liabilities for short-term leases and instead records them in a manner similar to operating leases under legacy leasing guidelines. A short-term lease is one with a maximum lease term of 12 months or fewer and does not include a purchase option that the lessee is reasonably certain to exercise. The Organization has certain short-term leases.

Receivables

The Organization's receivables consists primarily of amounts due from donors, funding agencies, and school districts. Based on historical write-offs, overall economic conditions, the current aging status of its receivables, and management's assessment of current conditions and reasonable and supportable expectation of future conditions, the Organization establishes an allowance for credit losses at a level considered adequate to cover anticipated credit losses on outstanding receivables. The allowance for credit losses at June 30, 2024 was \$20,767. There was no allowance for credit losses at June 30, 2023.

Revenue recognition

The Organization recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, five basic criteria must be met before revenue can be recognized:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, the Organization satisfies a performance obligation.

School contracts are considered exchange transactions and the revenues from school contracts are recognized as the Organization delivers the services to the school districts as stipulated in the related contracts.

Deferred revenue represents amounts received for future services to be provided by the Organization. Deferred revenue is recognized as revenue in the period the related programs are held.

Bay Area Community Resources
Notes to Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

In addition, the Organization derives revenues from cost-reimbursable government grants and contracts, which are generally conditioned upon certain performance requirements and/ or the incurrance of allowable qualifying expenses. Revenues from cost-reimbursable government grants are generally accounted for as conditional contributions. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. The Organization has been awarded cost-reimbursable grants of approximately \$37,956,000 that have not been recognized at June 30, 2024 because the grant periods extend beyond June 30, 2024, therefore qualifying expenditures have yet to be incurred.

Contributions

Contributions, including unconditional promises to give, are recognized when received. Contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions, consistent with the nature of the restrictions. The Organization reports contributions with donor-imposed restrictions as net assets without donor restriction if the restrictions are met in the same reporting period in which the contribution is received. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as net assets with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received. Conditional promises to give are not recognized until they become unconditional; that is when the barrier has been overcome and right of release/right of return no longer exists.

In-kind services

In-kind services are contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

In addition, unpaid volunteers contribute their time to the Organization, however, the value of these services is not reflected in these statements because the criteria for recognition have not been satisfied.

Functional expenses

The costs of providing the Organization's various programs and other activities have been summarized on the statements of functional expenses; accordingly, certain indirect costs have been allocated among the programs and support services benefited based on staff time allocation records and management estimates.

Bay Area Community Resources
Notes to Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status

The Organization was granted tax exempt status under Section 501(c)(3) of the Internal Revenue Code, and Section 23701d of the State of California Revenue and Taxation Code, and has obtained determination letters from the Internal Revenue Service and the California Franchise Tax Board to that effect. Accordingly, the primary operations of the Organization are currently considered exempt from federal income and state franchise taxes.

The Organization has evaluated its current tax positions and has concluded that as of June 30, 2024, the Organization does not have any significant uncertain tax positions for which a liability would be necessary.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates relating to the collectability of receivables, the estimated useful lives of depreciable assets, the value of in-kind services and the allocation of indirect costs to programs. Such assumptions affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events

Management has evaluated subsequent events through October 28, 2024, the date the financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of the Organization's financial statements.

Bay Area Community Resources
Notes to Financial Statements
June 30, 2024 and 2023

3. INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money market funds	\$ 21,556	\$ -	\$ -	\$ 21,556
Investments in equities	<u>52,112</u>	<u>-</u>	<u>-</u>	<u>52,112</u>
	<u>\$ 73,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,668</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money market funds	\$ 16,845	\$ -	\$ -	\$ 16,845
Investments in equities	<u>38,655</u>	<u>-</u>	<u>-</u>	<u>38,655</u>
	<u>\$ 55,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,500</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2024</u>	<u>2023</u>
Office equipment	\$ 667,637	\$ 667,637
Office furniture	106,115	106,115
Vehicles	99,610	76,610
Leasehold improvements	<u>126,023</u>	<u>126,023</u>
	999,385	976,385
Accumulated depreciation and amortization	<u>(859,157)</u>	<u>(805,431)</u>
	<u>\$ 140,228</u>	<u>\$ 170,954</u>

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 amounted to \$53,725 and \$78,545, respectively.

5. LEASES

The Organization has entered into operating leases for property and equipment and a finance lease for a vehicle. The leases have terms expiring through 2029 and monthly lease payments ranging from \$500 to \$13,000.

Bay Area Community Resources
Notes to Financial Statements
June 30, 2024 and 2023

5. LEASES (continued)

Future minimum lease payments under non-cancelable leases as of June 30, 2024 were as follows:

<u>Year ending June 30,</u>	<u>Operating Leases</u>	<u>Finance Leases</u>	<u>Total</u>
2025	\$ 171,011	\$ 7,078	\$ 178,089
2026	95,521	-	95,521
2027	96,855	-	96,855
2028	101,697	-	101,697
2029	<u>8,509</u>	<u>-</u>	<u>8,509</u>
	473,593	7,078	480,671
Less imputed interest	<u>(40,303)</u>	<u>-</u>	<u>(40,303)</u>
	<u><u>\$ 433,290</u></u>	<u><u>\$ 7,078</u></u>	<u><u>\$ 440,368</u></u>

Lease costs for the years ended June 30, 2024 and 2023 was \$1,017,721 and \$767,030 respectively, and is included in facility expenses on the statements of functional expenses.

Additional information related to leases is as follows:

	<u>2024</u>	<u>2023</u>
Operating cash flows from operating leases	\$ 355,545	\$ 570,607
Financing cash flows from finance leases	7,136	7,156
Operating lease ROU assets obtained in exchange for lease obligations	407,449	589,398
Weighted average discount rate	3.64 %	1.98 %
Weighted average remaining lease term	4.27 years	1.3 years

6. DEFERRED REVENUE

Deferred revenue as of and for the year ended June 20, 2024 consisted of the following:

	<u>Beginning of Year</u>	<u>Revenue Recognized</u>	<u>Cash Advances</u>	<u>End of Year</u>
Non-fee based revenue	\$ 9,719	\$ (9,719)	\$ -	\$ -
Parent fees	<u>1,826,729</u>	<u>(5,417,453)</u>	<u>5,805,852</u>	<u>2,215,128</u>
	<u><u>\$ 1,836,448</u></u>	<u><u>\$ (5,427,172)</u></u>	<u><u>\$ 5,805,852</u></u>	<u><u>\$ 2,215,128</u></u>

Bay Area Community Resources
Notes to Financial Statements
June 30, 2024 and 2023

6. DEFERRED REVENUE (continued)

Deferred revenue as of and for the year ended June 20, 2023 consisted of the following:

	<u>Beginning of Year</u>	<u>Revenue Recognized</u>	<u>Cash Advances</u>	<u>End of Year</u>
Non-fee based revenue	\$ 280,835	\$ (280,835)	\$ 9,719	\$ 9,719
Parent fees	<u>1,063,870</u>	<u>(4,058,677)</u>	<u>4,821,536</u>	<u>1,826,729</u>
	<u>\$ 1,344,705</u>	<u>\$ (4,339,512)</u>	<u>\$ 4,831,255</u>	<u>\$ 1,836,448</u>

7. LINE OF CREDIT

The Organization maintains a line of credit with a financial institution, with a maximum borrowing limit of seventy percent of the Organization's Eligible Accounts balance, up to a maximum of \$10 million. The line matures on April 1, 2025 and bears interest at a rate per annum equal to, at the Organization's option, either (a) for an average Secured Overnight Financing Rate (SOFR) for the interest period plus 3.10%, or (b) for a Prime Loan, the greater of (i) the Floor for a Prime Loan and (ii) the Prime Rate plus 0.25%. The outstanding balance on the line of credit at June 30, 2024 and 2023 was \$1,780,061 and \$-, respectively. The line of credit is secured by all of the Organization's assets.

8. IN-KIND REVENUE AND SUPPORT

The Organization recognizes in-kind revenue as contributions at their estimated fair value on the date of receipt. The Organization's in-kind contributions are comprised of clinical intern services. The valuation of the in-kind services is based on the time worked in various programs by individuals at rates of pay considered by management to be commensurate with others possessing their skill levels. The Organization recognized in-kind contributions for the years ended June 30, 2024 and 2023 of \$535,550 and \$746,250, respectively.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

	<u>2024</u>	<u>2023</u>
Academic and expanded learning programs	\$ 1,029,149	\$ 1,539,717
Community and behavioral health programs	997,169	810,454
National service programs	352,400	281,710
Fiscal sponsorship	-	265,352
Youth employment programs	<u>298,828</u>	<u>20,411</u>
	<u>\$ 2,677,546</u>	<u>\$ 2,917,644</u>

Bay Area Community Resources
Notes to Financial Statements
June 30, 2024 and 2023

9. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net asset with donor restrictions released from restriction during the year consist of the following:

	2024	2023
Academic and expanded learning programs	\$ 2,585,714	\$ 4,594,500
Community and behavioral health programs	648,775	1,326,617
National service programs	1,899,130	1,872,903
Fiscal sponsorship	648,970	617,530
Youth employment programs	218,895	53,963
Administration	130	-
	\$ 6,001,614	\$ 8,465,513

10. EMPLOYEE BENEFIT PLANS

During 2017, the Organization adopted a defined contribution retirement plan (the "Plan") under Section 401(k) of the Internal Revenue Code, that covers eligible employees who work a minimum of 1,000 hours a year. The amount of profit sharing contributions made into the Plan is discretionary in an amount as determined by the Organization. The Organization did not make any employer contributions to the Plan during the years ended June 30, 2024 and 2023. The Plan was terminated in March 2024.

In March 2024, the Organization adopted a defined contribution retirement plan (the "403(b) Plan") under Section 403(b) of the Internal Revenue Code, that covers eligible employees who work a minimum of 20 hours per week. The participants with account balances from the previous 401(k) plan were given the option to roll over their funds to an IRA or to the BACR-sponsored 403(b) Plan. The amount of profit sharing contributions made into the 403(b) Plan is discretionary in an amount as determined by the Organization. The Organization did not make any employer contributions to the 403(b) Plan during the year ended June 30, 2024.

11. COMMITMENTS AND CONTINGENCIES

Concentrations

The Organization receives a substantial amount of its support from state and federally funded programs and school districts. A significant reduction in the level of support from any of these sources could have an adverse effect on the Organization's operations. At June 30, 2024 and 2023, the Organization had receivables due from one entity that comprised 11% of total receivables and receivables from two entities that comprised 34% of total receivables, respectively.

Bay Area Community Resources
Notes to Financial Statements
June 30, 2024 and 2023

11. COMMITMENTS AND CONTINGENCIES (continued)

Contingencies

From time to time the Organization may be subject to a variety of claims and suits in the ordinary course of business. As of June 30, 2024, management believes there are no such outstanding claims or suits that, individually or in the aggregate, would have a material adverse affect on the Organization's financial position, results of operations, or cash flows.

12. LIQUIDITY AND FUNDS AVAILABLE

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To meet liquidity needs, the Organization has cash and cash equivalents available. Contributions receivable that are considered current will be collected from donors within one year.

The Organization has a \$10,000,000 line of credit available for use.

The following is a quantitative disclosure which describes financial assets that are available within one year of June 30, 2024 to fund general expenditures and other obligations as they become due:

Financial assets	
Investments	\$ 73,668
Receivables	<u>29,972,701</u>
	<u>30,046,369</u>
Less: amounts unavailable for general expenditures within one year	
Financial assets with purpose restrictions	<u>(2,677,546)</u>
	<u>\$ 27,368,823</u>

SINGLE AUDIT REPORTS AND SCHEDULES



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Bay Area Community Resources
San Rafael, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bay Area Community Resources (a California nonprofit corporation) (the "Organization"), which comprise the statements of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Armanino^{LLP}
San Francisco, California

October 28, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

To the Board of Directors
Bay Area Community Resources
San Rafael, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bay Area Community Resources (a California nonprofit corporation) (the "Organization")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino^{LLP}
San Francisco, California

October 28, 2024

Bay Area Community Resources
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>Expenditures of Federal Awards</u>			
Corporation for National and Community Service			
Pass-through programs from:			
AmeriCorps - BAYAC	94.006	21ACIY28-C32	\$ 1,312,785
AmeriCorps - Climate & Energy	94.006	21ACIY29-C173	982,986
AmeriCorps - California Emergency Response Corp (CERC)	94.006	20AFHY28-F216	1,412,888
AmeriCorps - California Climate Action Corp (CCAC)	94.006	20AFHY27-F217	<u>6,494,432</u>
Total Corporation for National and Community Service			<u>10,203,091</u>
U.S. Department of Health and Human Services			
Drug-Free Communities Support Program Grants - Substance Abuse & Mental Health Services	93.276	5 NH28CE002623-05-00	102,786
Pass-through programs from:			
Contra Costa County Behavioral Health Services			
Block Grants for Prevention and Treatment of Substance Abuse - Alcohol and Other Drug Services	93.959	74-321-20	443,329
County of Contra Costa Health Services - Mental Health Division			
Medical Assistance Programs - Mental Health Division Medi-Cal Programs	93.778	74-321-13	1,548,678
Community Services Block Grants - Heart Violence Prevention Program	93.569	38-040-1	11,738
Alameda County Behavioral Health Care Services			
Medical Assistance Programs - Mental Health Division Medi-Cal Programs	93.778	900802-21854	<u>262,509</u>
Total U.S. Department of Health and Human Services			<u>2,369,040</u>
U.S. Department of Education			
Pass-through program from:			
Twenty-First Century Community Learning Centers			
Oakland Unified School District - 21st Century Grants	84.287	22-1286	1,073,847
San Francisco Unified School District - 21st Century Grants	84.287	SFU-0000164429/161905	120,492
San Francisco Unified School District - 21st Century Grants	84.287	SFU-0000156640/156356	116,267
Oakland Unified School District - 21st Century Grants	84.287	22-1286	<u>890,876</u>
Total U.S. Department of Education			<u>2,201,482</u>
U.S. Department of Labor			
Pass-through program from:			
WIOA Adult Program			
State of California EDD WIOA Subgrant	17.258	AA211086	<u>258,011</u>
Total U.S. Department of Labor			<u>258,011</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards
are an integral part of this schedule.

Bay Area Community Resources
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Agriculture			
Pass-through programs from:			
County of Contra Costa Health Services - Public Health Division			
Supplemental Nutrition Assistance Program	10.551	72-059-7	41,688
Emergency Food Assistance Program (Food Commodities)	10.569	121836	<u>117,461</u>
Total U.S. Department of Agriculture			<u>159,149</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grants			
Pass-through programs from:			
City of Berkeley	14.218	105564	26,211
Total U.S. Department of Housing and Urban Development			<u>26,211</u>
Total Expenditures of Federal Awards			<u>\$ 15,216,984</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards
are an integral part of this schedule.

Bay Area Community Resources
Notes to Schedule of Expenditures of Federal Awards
June 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Bay Area Community Resources (a California nonprofit corporation) (the "Organization") under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. INDIRECT COST RATE

The Organization has elected to not use the 10% de minimis indirect cost rate for federal awards. The Organization applies indirect costs in accordance with the specific terms of its federal award agreements.

Bay Area Community Resources
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
Medical Assistance Programs	93.778
Twenty-first Century Community Learning Centers	84.287
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Bay Area Community Resources
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

Bay Area Community Resources
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

There were no prior year findings.