

**RICHMOND DISTRICT  
NEIGHBORHOOD CENTER, INC.  
(A California Nonprofit Public Benefit Corporation)**

**FINANCIAL STATEMENTS**

**For the Years Ended  
June 30, 2022 and 2021**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Richmond District  
Neighborhood Center, Inc.  
San Francisco, California

### **Opinion**

We have audited the accompanying financial statements of the Richmond District Neighborhood Center, Inc. (RDNC) (a California nonprofit public benefit corporation) which comprise the statements of financial position as of June 30, 2022 and 2021 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 the Richmond District Neighborhood Center, Inc. as of June 30, 2022 and 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 RDNC 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 RDNC'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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

*Bunker & Company LLP*

December 22, 2022  
Bunker & Company LLP  
San Rafael, CA

**RICHMOND DISTRICT NEIGHBORHOOD CENTER, INC.**  
**(A California Nonprofit Public Benefit Corporation)**

**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2022 and 2021**

	2022	2021
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (Note 2)	\$ 2,396,409	\$ 1,940,441
Restricted cash	657,103	1,188,824
Accounts receivable (Note 2)	19,497	9,073
Grants and contracts receivable	1,390,023	755,611
Prepaid expenses	87,948	97,382
Total current assets	4,550,980	3,991,331
Property and equipment, net of accumulated depreciation of \$378,109 in 2022 and \$351,910 in 2021 (Note 2 and 3)	245,987	272,186
Total assets	\$ 4,796,967	\$ 4,263,517
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 456,819	\$ 91,271
Accrued expenses	389,940	258,078
Deferred revenue	13,045	7,500
Deposits	3,675	3,675
Total current liabilities	863,479	360,524
Long-term liabilities		
CARES Act PPP Loan (Note 11)	-	834,276
Total liabilities	863,479	1,194,800
Net assets		
Net assets without donor restrictions	3,251,385	1,764,893
Net assets with donor restrictions (Note 4)	682,103	1,303,824
Total net assets	3,933,488	3,068,717
Total liabilities and net assets	\$ 4,796,967	\$ 4,263,517

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

**RICHMOND DISTRICT NEIGHBORHOOD CENTER, INC.**  
**(A California Nonprofit Public Benefit Corporation)**

**STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2022**

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Government grants and contracts	\$ 5,851,232	\$ -	\$ 5,851,232
Corporate and foundation grants	128,108	101,674	229,782
Program service fees	928,335	-	928,335
Individual contributions	90,103	-	90,103
Rents	110,533	-	110,533
Special events	125,368	-	125,368
CARES Act PPP loan forgiveness (Note 11)	834,276	-	834,276
In-kind contributions	1,796,142	-	1,796,142
Other income	57,098	-	57,098
Total revenue and support	<u>9,921,195</u>	<u>101,674</u>	<u>10,022,869</u>
Net assets released from restriction and transfers	723,395	(723,395)	-
Total revenue, support and transfers	<u>10,644,590</u>	<u>(621,721)</u>	<u>10,022,869</u>
<b>EXPENSES</b>			
Program (Note 5)	8,325,297	-	8,325,297
Management and general	587,561	-	587,561
Fundraising	245,240	-	245,240
Total expenses	<u>9,158,098</u>	<u>-</u>	<u>9,158,098</u>
Change in net assets	1,486,492	(621,721)	864,771
Net assets, beginning of year	<u>1,764,893</u>	<u>1,303,824</u>	<u>3,068,717</u>
Net assets, end of year	<u>\$ 3,251,385</u>	<u>\$ 682,103</u>	<u>\$ 3,933,488</u>

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**RICHMOND DISTRICT NEIGHBORHOOD CENTER, INC.**  
**(A California Nonprofit Public Benefit Corporation)**

**STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2021**

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Government grants and contracts	\$4,405,124	\$ -	\$ 4,405,124
Corporate and foundation grants	177,289	1,708,300	1,885,589
Individual contributions	238,615	275	238,890
Rents	88,296	-	88,296
Special events	5,999	-	5,999
CARES Act PPP loan forgiveness (Note 11)	838,800	-	838,800
In-kind contributions	312,831	-	312,831
Other income	41,462	-	41,462
Total revenue and support	<u>6,108,416</u>	<u>1,708,575</u>	<u>7,816,991</u>
Net assets released from restriction and transfers	<u>475,360</u>	<u>(475,360)</u>	<u>-</u>
Total revenue, support and transfers	<u>6,583,776</u>	<u>1,233,215</u>	<u>7,816,991</u>
<b>EXPENSES</b>			
Program (Note 5)	5,252,335	-	5,252,335
Management and general	476,950	-	476,950
Fundraising	240,323	-	240,323
Total expenses	<u>5,969,608</u>	<u>-</u>	<u>5,969,608</u>
Change in net assets	614,168	1,233,215	1,847,383
Net assets, beginning of year	<u>1,150,725</u>	<u>70,609</u>	<u>1,221,334</u>
Net assets, end of year	<u>\$1,764,893</u>	<u>\$ 1,303,824</u>	<u>\$ 3,068,717</u>

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

**RICHMOND DISTRICT NEIGHBORHOOD CENTER, INC.**  
**(A California Nonprofit Public Benefit Corporation)**

**STATEMENTS OF CASH FLOWS**  
**For the years ended June 30, 2021 and 2020**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	<u>\$ 864,771</u>	<u>\$ 1,847,383</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	26,199	26,415
Changes in assets and liabilities:		
Accounts receivable	(10,424)	39,103
Grants and contracts receivable	(634,412)	368,671
Prepaid expenses	9,434	19,905
Accounts payable	365,548	(43,412)
Accrued expenses	131,862	80,977
Deferred revenue	5,545	(2,159)
Total adjustments	<u>(106,248)</u>	<u>489,500</u>
Net cash provided by operating activities	<u>758,523</u>	<u>2,336,883</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(29,900)
Net cash (used) by investing activities	<u>-</u>	<u>(29,900)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Restricted cash	531,721	(1,188,824)
CARES Act PPP Loan	(834,276)	(4,524)
Net cash (used) by financing activities	<u>(302,555)</u>	<u>(1,193,348)</u>
Net change in cash and cash equivalents	455,968	1,113,635
Cash and cash equivalents, beginning of year	<u>1,940,441</u>	<u>826,806</u>
Cash and cash equivalents, end of year	<u><u>\$2,396,409</u></u>	<u><u>\$ 1,940,441</u></u>

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



**RICHMOND DISTRICT NEIGHBORHOOD CENTER, INC.**  
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**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended June 30, 2022**

	Programs	Management and General	Fundraising	Total
Salaries	\$ 4,152,349	\$ 374,746	\$ 109,998	\$ 4,637,093
Payroll taxes and benefits	901,076	56,964	18,503	976,544
Professional services	231,138	80,947	31,461	343,546
Grants and scholarships	81,500	-	-	81,500
Occupancy	461,964	1,694	783	464,441
Communication	13,282	5,346	2,540	21,168
Materials and supplies	209,778	6,338	507	216,622
Furniture and equipment	133,055	5,674	486	139,215
Food	1,414,276	-	-	1,414,276
Youth incentives	191,617	-	-	191,617
Postage and shipping	1,166	112	27	1,304
Transportation	9,728	199	-	9,927
Hiring and recruitment	35,040	17,076	-	52,116
Subcontractors	194,306	-	-	194,306
Honoraria	3,290	-	-	3,290
Fundraising	-	-	63,715	63,715
Liability insurance	17,623	7,193	550	25,366
Staff and volunteer development	46,402	10,645	1,035	58,083
Dues, memberships and subscriptions	28,638	13,756	5,269	47,663
Marketing and outreach	9,330	-	4,402	13,732
Fieldtrips and events	144,435	-	-	144,435
Taxes and fees	-	2,913	-	2,913
Bank and merchant charges	19,749	3,494	5,783	29,026
Depreciation	25,553	464	182	26,199
Total	<u>\$ 8,325,297</u>	<u>\$ 587,561</u>	<u>\$ 245,240</u>	<u>\$ 9,158,098</u>

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

**RICHMOND DISTRICT NEIGHBORHOOD CENTER, INC.**  
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**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended June 30, 2021**

	Programs	Management and General	Fundraising	Total
Salaries	\$ 3,501,915	\$ 346,097	\$ 133,892	\$ 3,981,904
Payroll taxes and benefits	752,632	50,614	24,976	828,222
Professional services	133,391	27,389	54,189	214,969
Grants and scholarships	104,000	-	-	104,000
Occupancy	53,621	2,061	1,332	57,014
Communication	12,868	6,584	3,180	22,632
Materials and supplies	81,844	1,800	69	83,713
Furniture and equipment	21,535	9,898	1,175	32,608
Food	327,040	-	-	327,040
Youth incentives	21,100	-	-	21,100
Postage and shipping	2,763	406	51	3,220
Transportation	11,156	24	1	11,181
Hiring and recruitment	679	192	4	875
Subcontractors	106,218	-	-	106,218
Honoraria	2,450	-	-	2,450
Fundraising	-	-	4,174	4,174
Liability insurance	16,085	9,244	493	25,822
Staff and volunteer development	46,056	4,347	2,100	52,503
Dues, memberships and subscriptions	23,878	8,993	2,751	35,622
Marketing and outreach	3,226	1,501	2,428	7,155
Fieldtrips and events	3,825	-	-	3,825
Taxes and fees	-	2,440	-	2,440
Bank and merchant charges	624	4,827	9,055	14,506
Depreciation	25,429	533	453	26,415
Total	<u>\$ 5,252,335</u>	<u>\$ 476,950</u>	<u>\$ 240,323</u>	<u>\$ 5,969,608</u>

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

**RICHMOND DISTRICT NEIGHBORHOOD CENTER, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2022 and 2021**

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**NOTE 1 ORGANIZATION**

Organization - The Richmond District Neighborhood Center, Inc. ("RDNC", or "Corporation") is a California nonprofit public benefit corporation that provides after school and community programs for San Francisco residents in the Richmond District and greater San Francisco area. RDNC is governed by a Board of Directors who serve without benefit of compensation. Sources of income for RDNC include contracts with the City and County of San Francisco, corporate grants, individual contributions and fees for services provided. The Corporation is exempt from federal and state income tax liability under the IRC Section 501(c)(3) and it operates the following programs:

*Elementary School Programs* - RDNC offers a wide variety of supportive before, after school and summer programs for youth at five Richmond District public elementary schools. These programs provide students with support for academics and literacy focusing on science, technology, engineering, arts and math (STEAM), and include recreation, sports and enrichments. During the pandemic school year of 2020-2021, programs were offered virtually in alignment with SFUSD's remote learning. Summer 2021 programming was held in-person and offered for free, to assist with pandemic recovery. In 2021-2022, RDNC resumed in-person school year programming and continued to support pandemic recovery, providing students with academic assistance and social-emotional skill building opportunities through Summer 2022.

*Middle School Programs* – RDNC coordinates two middle school Beacon programs based on the community school model which provides comprehensive academic, social and emotional support to students and families throughout the school day, setting participants up for success in every part of their lives. The program uses a shared leadership model with school administration and staff. During the pandemic school year of 2020-2021, programs were offered virtually as well as in-person at our community learning hub for 40 elementary and middle school students most in-need. Regular programming was resumed during summer and school year 2021-2022 and offered for free, to assist with pandemic recovery.

*High School Programs* – RDNC's two high school programs support the wide range of academic and social and emotional needs of high school youth as they prepare for adulthood including college, career and life in general. Programs include the freshman orientation, teen center, homework help, tutoring groups, SAT prep, college application assistance, youth employment, case management and multicultural and identity based clubs. During the pandemic school year of 2020-2021, programs were offered virtually in alignment with SFUSD's remote learning and transitioned to in-person in Summer 2021. In 2021-2022, regular in person programming was resumed.

**RICHMOND DISTRICT NEIGHBORHOOD CENTER, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2022 and 2021**

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**NOTE 1 ORGANIZATION (continued)**

Community Programs –RDNC’s Community Programs address issues of food security, wellness, and community engagement.

Our food security programming provides fresh groceries to 1,000 low-income seniors and families every week at three pantries and through a Home Delivered Grocery program. During the pandemic, we added a pop-up pantry through the end of 2020 and we began to deliver to all pantry participants over the age of 65, so they would not need to risk exposure to COVID-19 to get their food. To expand deliveries, we counted on our 150 volunteers, and increased drivers’ hours to deliver food to all qualifying seniors and adults with disabilities. As we recovered from the pandemic in 2021-2022 programs mostly maintained their expansion by adding many of the participants who started during the pandemic to regular services.

Our community engagement programming provides opportunities for the community and local merchants to get together to share and learn about resources and connect with each other to strengthen the neighborhood. During 2020-2021 the program distributed Personal Protective Equipment (PPE) and mini-grants to struggling local businesses, provided meals from local restaurants to unhoused and under-housed individuals and families, offered community celebrations virtually, and responded to anti-Asian racism with on-line forums and in-person self-defense classes. In 2021-2022, community engagement programs supported businesses and local residents as they recover from the pandemic.

In addition, RDNC is home to tenant organizations that broaden the scope of services that RDNC provides to the community. These include Cross Cultural Family Center's childcare program and Community Music Center's sliding-scale music lessons.

Fiscally-Sponsored Projects – RDNC serves as the fiscal sponsor for several community-led groups. These include:

San Francisco Neighborhood Centers Together (SFNCT) - SFNCT is a network for the city's Neighborhood Centers. Neighborhood Centers are anchor institutions that provide programs and services, and build connections between residents, community and neighborhood groups, schools, faith-based groups, merchants, and local public agencies. The SFNCT provides peer support, coaching and training to the Neighborhood Centers.

Service Provider Working Group (SPWG) - Pursuant to City Charter Section 16.108-1, the Children, Youth and Their Families Oversight and Advisory Committee (OAC) created a Service Provider Working Group (SPWG). The purpose of the SPWG is to advise the OAC on funding priorities, policy development, the planning cycle, evaluation design and plans, and any other issues of concern to the SPWG related to the Children and Youth Fund, or the responsibilities of the Department of Children, Youth, and Their Families (DCYF) or other departments receiving monies from the Fund.

**RICHMOND DISTRICT NEIGHBORHOOD CENTER, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2022 and 2021**

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Masks for All California (MFACA) - Masks For All CA is a youth led charity project that provides masks to the Californian community through weekly public mask drives in various locations and fulfills larger requests from California non-profit organizations and professional groups.

Virtual Tutoring - Virtual Tutoring SF is a youth led tutoring program aiming to help students grades 3-8 stay academically engaged in Math and English by providing free online tutoring during this unprecedented pandemic.

Supply Hope - Supply Hope is a youth led charity project. With SFUSD schools closed during the pandemic, students can no longer rely on school resources to conduct their schoolwork. Low income students do not have the money to purchase school materials. Supply Hope helps low income students overcome this barrier by providing them with the resources they need to achieve academic success.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

Method of Accounting – The financial statements of the Corporation are prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, which reflects revenue when earned and expenses as incurred.

Cash and Cash Equivalents - Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date.

Contributions and Revenue Recognition – Contributions consist of cash contributions as well as in-kind goods and services provided to the Corporation. Contributed services are recognized at their fair value if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. Donated securities are recorded at their fair value at the date of donation.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenue is recognized as earned as services are provided to constituencies being served. All revenue received in advance of products or services provided are deferred.

**RICHMOND DISTRICT NEIGHBORHOOD CENTER, INC.**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2022 and 2021**

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

Accounts Receivable – Contracts with government agencies make up a majority of the Corporation’s receivables. It is the practice of the Corporation to expense uncollectibles only after exhausting all efforts to collect the amounts due. There is no allowance for doubtful accounts and management believes all amounts will be collected in full.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual future results could differ from those estimates.

Property, Equipment, and Leasehold Improvements - The Corporation records property, equipment, and leasehold improvements at cost of acquisition, or, if donated, the fair market value at the date of donation. Depreciation is recognized using the straight-line method over the useful lives of the assets, which range from three to five years. The Corporation capitalizes all property, equipment, and improvements with a cost in excess of \$5,000.

Basis of Presentation – The Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - Net assets that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year.

Net assets with donor restrictions – Net assets that are restricted by a donor for use for a particular purpose or in a particular period. Some donor imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

As of June 30, 2022 and 2021, there were no net assets with permanent donor restrictions.

Fair Value Measurements – The Corporation carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received if selling an asset or paid if transferring a liability in an orderly transaction between market participants at the measurement date. Fair value measurement standards also require the Corporation to classify these financial instruments into a three-level hierarchy. The Corporation classifies its financial assets and liabilities according to the below three levels, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

**RICHMOND DISTRICT NEIGHBORHOOD CENTER, INC.**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2022 and 2021**

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

*Level 1* – Quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities, without adjustment.

*Level 2* – Quoted prices in markets that are not considered to be active for identical or similar assets or liabilities, quoted prices in active markets of similar assets or liabilities, and inputs other than quoted prices that are observable or can be corroborated by observable market data.

*Level 3* – Inputs that are both significant to the fair value measurement and unobservable, including inputs that are not derived from market data or cannot be corroborated by market data.

The Corporation's carrying amounts of its assets and liabilities, approximate fair value under Level 1 for the years ended June 30, 2022 and 2021.

Functional Allocation of Expenses - The costs of providing the various programs, supporting services and other activities have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates and analysis of personnel time spent on each program and activity.

Advertising Costs – It is the policy of the Corporation to expense advertising costs as incurred.

Income Taxes - The Corporation is exempt from federal and state taxes under Section 501(c)(3) of the Internal Revenue Service Code and Section 23701d of the California Revenue and Taxation Code, and is considered by the IRS to be an organization other than a Private Foundation. In the opinion of management, there is no unrelated business income.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). Under the amendments in this ASU, a lessee should recognize the assets and liabilities that arise from leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. This ASU was originally effective for fiscal years beginning after December 15, 2019. In July 2019, the FASB approved a proposal to defer, for one year, the implementation of this ASU for nonpublic companies and in May 2020, the FASB approved an additional one year deferral. This ASU will now be effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Center has not yet implemented this ASU and is in the process of assessing the effect on its financial statements.

**RICHMOND DISTRICT NEIGHBORHOOD CENTER, INC.**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2022 and 2021**

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

Recent Accounting Pronouncements (continued)

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. Under this ASU, a not-for-profit entity is required to present contributed nonfinancial assets as a separate line-item in the statement of activities, apart from contributions of cash and other financial assets as well as include enhanced disclosures surrounding the nature and valuation techniques of the contributed nonfinancial assets. This ASU is effective for fiscal years beginning after June 15, 2021 and the Center has implemented this ASU.

**NOTE 3 PROPERTY AND EQUIPMENT**

Property, equipment and leasehold improvements valued at cost as of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 499,272	\$ 499,272
Furniture and equipment	124,824	124,824
Less: accumulated depreciation	<u>(378,109)</u>	<u>(351,910)</u>
Total Property and equipment	<u>\$ 245,987</u>	<u>\$ 272,186</u>

Depreciation expense for the years ended June 30, 2021 and 2021 was \$26,200 and \$26,415, respectively.



**RICHMOND DISTRICT NEIGHBORHOOD CENTER, INC.**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2022 and 2021**

**NOTE 4 NET ASSETS WITH TEMPORARY DONOR RESTRICTIONS**

Net assets with temporary donor restrictions are available to be used within a specific time and/or for a specific purpose and consist of the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Dignity Health	\$ 12,753	\$ -
Youth leadership	10,000	-
NCT Healthy Behaviors	-	11,527
Kimball Foundation	25,000	-
National Charity League	800	-
Metta	37,897	5,000
S.F. Foundation	-	5,000
Asian Pacific Fund	-	5,260
Socius	-	2,000
Asia Pacific Fund	-	10,000
Tipping Point	-	12,500
Metta Fund payments	17,869	156,131
Crankstart Foundation	572,955	1,073,103
Masks for all (Fiscally sponsored)	-	4,841
Virtual tutoring (Fiscally sponsored)	2,829	5,507
Clement Street Merchants	2,000	2,000
Supply Hope (Fiscally sponsored)	-	8,308
Other	-	2,647
Total net assets with donor restrictions	<u>\$ 682,103</u>	<u>\$ 1,303,824</u>

**NOTE 5 PROGRAM REVENUES AND EXPENSES**

Revenues and expenses by program for the years ended June 30, 2022 and 2021 were as follows:

<u>Revenue</u>	<u>2022</u>	<u>2021</u>
Elementary Programs	\$ 3,327,242	\$ 1,472,141
Middle School Programs	2,724,948	2,068,260
High School Programs	1,354,778	1,029,464
Community Programs	2,268,908	1,080,216
Fiscally sponsored projects	269,041	156,462
	<u>\$ 9,944,917</u>	<u>\$ 5,806,543</u>

**RICHMOND DISTRICT NEIGHBORHOOD CENTER, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2022 and 2021**

**NOTE 5 PROGRAM REVENUES AND EXPENSES (continued)**

<u>Expenses</u>	<u>2022</u>	<u>2021</u>
Elementary Programs	\$ 2,276,474	\$ 1,353,470
Middle School Programs	2,493,111	1,901,535
High School Programs	1,239,514	946,478
Community Programs	2,047,157	894,390
Fiscally sponsored projects	<u>269,041</u>	<u>156,462</u>
Total	<u>\$ 8,325,297</u>	<u>\$ 5,252,335</u>

**NOTE 6 LEASE OBLIGATIONS**

The Corporation is obligated under long-term lease agreements for equipment, and with the San Francisco Unified School District (“SFUSD”) for rent of its site. The leases extend to the year 2027 for equipment and the facility. Under the terms of the agreement with the SFUSD, the site must be used for neighborhood facilities for low to moderate income persons.

Future minimum lease commitments are as follows:

<u>Fiscal Year End June 30,</u>	
2023	\$ 34,684
2024	29,490
2025	29,018
2026	29,018
2027	<u>28,541</u>
	<u>\$ 150,751</u>

Rent and equipment lease expense for the years ended June 30, 2022 and 2021 was \$48,989 and \$47,816, respectively.

**NOTE 7 PENSION PLAN**

Pursuant to Section 403(b) of the Internal Revenue Code, the Corporation contributes to a tax sheltered annuity plan for qualifying employees. Vesting in the plan begins after 12 months of service and partial vesting continues until the employee completes several years of service. Employer matches are determined by the Corporation’s projected budget. Employer matching contributions were \$16,100 and \$14,137 for the years ended June 30, 2022 and 2021, respectively.

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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2022 and 2021**

**NOTE 8 IN-KIND CONTRIBUTIONS**

All in-kind contributions are unrestricted and are reported at donor valuations. The Corporation received donated goods during the years ended June 30, 2022 and 2021 as follows:

	2022	2021
Food	\$ 1,384,780	\$ 312,831
Facility use	398,455	-
Auction items	12,907	-
	\$ 1,796,142	\$ 312,831

**NOTE 9 LINE OF CREDIT**

A line of credit was obtained on May 19, 2020 for \$300,000 and matured on May 19, 2021. The Line of Credit was renewed on July 1, 2021 and matured on May 19, 2022. On August 29, 2022 it was renewed and increased to a line of \$600,000. The line of credit has an interest rate that is floating at the Wall Street Journal Prime rate which was 5.5% and matures on August 19, 2023. No funds have been advanced on the line as of June 30, 2022 and 2021, and the balance on the line of credit is \$0.

**NOTE 10 LIQUIDITY MANAGEMENT**

As part of the Corporation's liquidity management strategy, the Corporation structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Corporation's working capital and cash flows have cyclical variations during the year attributable to the cash receipts of contract revenues, contributions and grants. The Corporation has sufficient cash and cash equivalents to meet its current needs and investments which can be converted to cash for periods when cash is not available.

The Statement of Financial Position shows liquid assets as follows:

Cash and cash equivalents	\$ 2,396,409
Accounts receivable	19,497
Grants and contracts receivable	1,365,023
Financial assets available for current needs	\$ 3,780,929

**RICHMOND DISTRICT NEIGHBORHOOD CENTER, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2022 and 2021**

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**NOTE 11 THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES)**

During the year ended June 30, 2020, the Corporation participated in the Paycheck Protection Plan under the CARES Act due to the Coronavirus Pandemic and received \$838,800 from the federal government. On May 22, 2021 the Small Business Administration had granted the Corporation complete forgiveness of the Paycheck Protection Plan loan.

On February 27, 2021, the Corporation received a second CARES Act PPP loan in the amount of \$832,017. On April 16, 2022, the Small Business Administration had granted the Corporation complete forgiveness of the Paycheck Protection Plan loan.

Although interest had been accrued, it was forgiven and no interest was paid as of June 30, 2022 or 2021.

**NOTE 12 RECLASSIFICATION OF PRIOR YEAR PRESENTATION**

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. These changes in classification do not affect previously reported cash flows from operating activities in the Statements of Cash Flows.

**NOTE 13 CONCENTRATION OF CREDIT RISK**

As of June 30, 2022, the Corporation had cash balances with financial institutions which exceeded the \$250,000 Federal Deposit Insurance Corporation insured limit by approximately \$2,709,000.

The Corporation received approximately 58% and 53% of its revenue from various agencies of the City and County of San Francisco for the years ended June 30, 2022 and 2021, respectively. Portions of this funding originate with the State of California.

**NOTE 14 SUBSEQUENT EVENTS**

Management has evaluated all subsequent events through the Auditor's Report date, the date the financial statements were available to be issued.