OC UNITED TOGETHER
(A California Nonprofit Corporation)
FINANCIAL STATEMENTS

JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
OC United Together

Opinion

We have audited the accompanying financial statements of OC United Together (a California nonprofit corporation), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 OC United Together as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 OC United Together 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 OC United Together's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 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 OC United Together'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 OC United Together'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.

GuzmanGray
Costa Mesa, California
June 28, 2024

OC UNITED TOGETHER
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT ASSETS			
Cash	$ 106,654	$ 192,167	$ 298,821
Grants receivable	117,426		117,426
Other receivable	3,074		3,074
Prepaid expenses	25,433		25,433
	252,587	192,167	444,754
NONCURRENT ASSETS			
Deposits	5,335		5,335
Property and equipment, net	8,800		8,800
Operating lease right of use asset	69,188		69,188
	83,323	-	83,323
TOTAL ASSETS	$ 335,910	$ 192,167	$ 528,077

LIABILITIES AND NET ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT LIABILITIES			
Accounts payable	$ 768		$ 768
Accrued payroll	22,933		22,933
Accrued vacation	39,086		39,086
Credit card payable	13,471		13,471
Deferred revenue	70,000		70,000
Operating lease liability, current	66,678		66,678
Other current liabilities	7,500		7,500
Thrive launch funds	14,202		14,202
TOTAL LIABILITIES	234,638	-	234,638
NET ASSETS			
Without donor restrictions	101,272		101,272
With donor restrictions		192,167	192,167
TOTAL NET ASSETS	101,272	192,167	293,439
TOTAL LIABILITIES AND NET ASSETS	$ 335,910	$ 192,167	$ 528,077

See accompanying notes to the financial statements and independent auditor’s report.

OC UNITED TOGETHER
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2023

		Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT				
Grants		$ 182,401		$ 182,401
Contributions		925,691		925,691
Program revenue		113,807		113,807
Other income		8,343		8,343
In-kind rent		160,370		160,370
In-kind donations		840		840
Resident fees		8,546		8,546
Interest		144		144
Employee retention credit		11,058		11,058
Gross special events revenue	$ 41,089			
Less cost of direct benefits to donors	(17,192)			
Net special event revenue		23,897		23,897
NET ASSETS RELEASED FROM RESTRICTION		24,904	(24,904)	-
TOTAL REVENUE AND SUPPORT		1,460,001	(24,904)	1,435,097
EXPENSES				
Program services		1,467,680		1,467,680
Management		174,715		174,715
Fundraising		756		756
TOTAL EXPENSES		1,643,151	-	1,643,151
CHANGE IN NET ASSETS		(183,150)	(24,904)	(208,054)
NET ASSETS, BEGINNING OF THE YEAR		284,422	217,071	501,493
NET ASSETS, END OF THE YEAR		$ 101,272	$ 192,167	$ 293,439

See accompanying notes to the financial statements and independent auditor’s report.

OC UNITED TOGETHER
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	Program Services	Management	Fundraising	Cost of Direct Benefits to Donors	Total
Salaries and wages	$ 743,938	$ 110,052			$ 853,990
Benefits	79,445	14,713			94,158
Payroll taxes	55,791	11,217			67,008
Program costs	228,542				228,542
Fundraising	203		$ 715	$ 17,192	18,110
Advertising	609	5,975			6,584
Bank fees	12,820	338	41		13,199
Insurance	36,762	6,135			42,897
Information technology	42,643	1,927			44,570
Supplies	4,950	1,915			6,865
Conferences	4,186	4,214			8,400
Property taxes		37			37
Rent	53,105	4,463			57,568
Professional fees	26,711	9,569			36,280
Repairs and maintenance	9,818	2,398			12,216
Utilities	3,542	479			4,021
Depreciation	4,245	1,283			5,528
In-kind rent	160,370				160,370
Total expenses by function	1,467,680	174,715	756	17,192	1,660,343
Less expenses included with revenues on the statement of activities and changes in net assets:					
Cost of direct benefits to donors	-	-	-	(17,192)	(17,192)
Total expenses included in expense section on the statement of activities and changes in net assets	$ 1,467,680	$ 174,715	$ 756	$ -	$ 1,643,151

See accompanying notes to the financial statements and independent auditor's report.

OC UNITED TOGETHER
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (208,054)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	5,528
Loss from sale of fixed assets	823
(Increase) decrease in assets	
Grants receivable	(25,156)
Other receivable	111,531
Deposits	(1,207)
Prepaid expenses	(11,370)
Operating lease right of use asset	39,026
Increase (decrease) in liabilities	
Accounts payable	(15,930)
Accrued payroll	(19,463)
Accrued vacation	1,934
Credit card payable	13,471
Deferred revenue	70,000
Operating lease liability	(41,536)
Other current liability	7,500
Thrive launch funds	(7,302)
NET CASH USED BY OPERATING ACTIVITIES	(80,205)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(3,156)
Sale of fixed assets	200
NET CASH USED BY INVESTING ACTIVITIES	(2,956)
NET CHANGE IN CASH	(83,161)
CASH, BEGINNING OF YEAR	381,982
CASH, ENDING OF YEAR	$ 298,821
SUPPLEMENTAL DISCLOSURE	
INTEREST PAID	NONE
TAXES PAID	NONE

See accompanying notes to the financial statements and independent auditor’s report.

NOTE 1 – ORGANIZATION

OC United Together (the "Organization") is a nonprofit organization founded in 2015 as the missional arm of the First Evangelical Free Church of Fullerton, established to serve vulnerable and at-risk populations. OC United seeks to engage, equip and mobilize the larger community to become part of the solution through trauma-informed care and services to children, adults and families.

Children: The United Kids program offers after-school programming in collaboration with the Fullerton School District, as well as a 3-week summer program. Experienced-based, social-emotional learning equips children in at-risk communities with belonging, purpose and power. United Teens carries the experience and mentoring through to middle and high school ages. Royal Family KIDS Camp and Mentoring Club provides children from the foster care system with a week-long summer camp and a monthly mentoring program with trauma-trained volunteers who provide loving, safe mentoring relationships.

Young Adults: The THRIVE Academy and Residential programs support former foster and under-resourced young adults through mentoring, life-skills/workforce development, community building, mental health services, one-on-one case management and safe, affordable housing.

Adults & Families: OC United operates the Gilbert Community Center in Fullerton which provides services and help to locals including trauma-informed training, support groups, parenting resources and family support, community events and advocacy, as well as a food pantry. Additional adult services addressing domestic abuse, homelessness and job skills are provided at OC United’s main offices.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The Organization uses the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation
The Organization prepares its financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. As a result, the Organization is required to report information regarding its financial position and activities according to the two following classes of net assets:

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Net assets without donor restrictions
Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

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 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.

Net assets released from donor restrictions
Net assets are released by incurring expenses satisfying the restriction or by occurrence of other events specified by donors.

Use of Estimates and Assumptions
The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Cash and Cash Equivalents
For the purpose of the statement of cash flows, the Organization considers cash on hand and cash in other depository institutions with an original maturity of three months or less to be cash equivalents.

Accounts Receivable
No allowance for doubtful accounts was established as all receivables were determined by management to be collectable at June 30, 2023.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

The Organization capitalizes property and equipment over $500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the respective assets which range from two to seven years.

Revenue and Revenue Recognition

The Organization applies the five-step model to contracts when it is probable that the Organization will collect the consideration it is entitled. To determine revenue recognition for arrangements within the scope of ASC Topic 606, Revenue from Contracts with Customers, the Organization performs the following five steps: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when or as the Organization satisfies a performance obligation. The Organization then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied.

A summary of significant revenue recognition policies is as follows:

Grants and Contributions

Grants and contributions that are not restricted by the grantor or donor are reported as increases in net assets without donor restrictions. Grantor or donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give, that is, those with a measurable performance or barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition (Continued)

Program Revenues

Program revenues relate to 3 main activities: 1) OC United has an annual contract with the Fullerton School District to provide after-school programming at one elementary school and one middle school, with plans to expand to additional school sites as budget and staffing permit. 2) As part of the THRIVE Residential program, a fixed portion of the resident's monthly fees are considered income to help cover costs of the facilities and programming. 3) The organization hosts an annual city-wide serve day called Love Fullerton, which is a community-engagement program. Sponsors are offered promotional/advertising benefits in exchange for sponsorship gifts, which are therefore considered income.

In-Kind Rent

The Organization leases three of its program facilities free of charge and is recorded as in-kind rent at the fair rental value and reported as an increase in net assets without donor restrictions.

Special Events

Special events are organized to raise contributions to support the Organization's activities. Revenues from special events are recognized in the period in which the events occurred.

Allocation of Functional Expenses

The costs of program and support services activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Operating expenses directly identified with a functional area are charged to that area. Expenses affecting more than one functional area are allocated to the respective areas on the basis of ratios estimated by management.

Exempt Organization Status

The Organization is a public charity exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Tax Code. Contributions to the Organization are deductible for tax purposes under Section 170(c)(2) of the Internal Revenue Code.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Uncertain Tax Positions

The Organization recognizes the financial statement benefit of tax positions, such as filing status of tax exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Recently Adopted Accounting Pronouncements

Effective July 1, 2022, the Organization adopted FASB ASC 842, *Leases*. The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Organization to carry forward the historical lease classification.

The adoption for FASB ASC 842 resulted in the recognition of right of use assets of $108,214 and operating lease liabilities of $105,169 as of July 1, 2022. Results for periods prior to July 1, 2022 continue to be reported in accordance with the Organization's historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Organization's statement of activities or cash flows.

In June 2016, the FASB issued Accounting Standards Codification (ASC) 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which modifies existing guidance related to the measurement of credit losses on financial instruments, including trade and loan receivables. The new guidance requires the allowance for credit losses to be measured based on expected losses over the life of the asset rather than incurred losses. The guidance is effective for annual and interim periods beginning after December 15, 2022, and early adoption is permitted. The adoption of FASB ASC 2016-13, Topic 326 did not have an impact on the Organization's financial statements.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2023:

Furniture and equipment	$ 42,211
Leasehold improvements	59,045
	101,256
Less: Accumulated depreciation	(92,456)
	$ 8,800

NOTE 3 – PROPERTY AND EQUIPMENT (Continued)

Depreciation expense for the year ended June 30, 2023, totaled $5,528.

NOTE 4 – IN-KIND RENT

For the year ended June 30, 2023, the Organization received in-kind rent totaling $160,370, which is reported in the statement of activities and changes in net assets.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions relate to the Organization's primary programs as described in Note 1. The Organization has a balance in net assets with donor restrictions totaling $192,167 at June 30, 2023.

Net assets were released from donor restrictions either by incurring expenses, which satisfied the restricted purposes or by the occurrences of other events specified by donors. Releases totaled $24,904 for the year ended June 30, 2023.

NOTE 6 - RETIREMENT BENEFITS

The Organization participates in the Guidestone Financial Resources of the Southern Baptist Convention Retirement Fund Retirement Plan (the "Fund") which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 403(b) of the Internal Revenue Service Code. In accordance with the agreement, the Organization will match up to 5% of participating employees' contributions. Contributions are optional for eligible employees and are withheld from payroll after tax.

Retirement contributions totaled $39,276 for the year ended June 30, 2023.

NOTE 7 – OPERATING LEASE ACTIVITIES

The Organization entered into three commercial leases for its offices located in Fullerton, California. The lease term for the French Village Center has been extended from July 2021 through June 2024 with monthly payments of $4,387 for the first year, increasing to $4,578 for the remaining two years. The lease for the property located on Bastanchury Blvd. has been extended through February 2024 with a monthly payment of $10. The lease with Gilbert Center began on May 2022 and ending in April 2027 had the option to pay an annual fee of $1 or $5 at the beginning of the lease.

NOTE 7 – OPERATING LEASE ACTIVITIES (Continued)

The following summarizes the line items in the statement of financial position which includes amounts for operating lease at June 30, 2023:

Operating lease right-of-use assets	$ 69,188
Lease liability, current portion	$ 66,678

The following summarizes the weighted average remaining lease term and discount rate at June 30, 2023:

Weighted Average Remaining Lease Term	
Operating lease	12 months
Weighted Average Discount Rate	
Operating lease	1.38%

The maturities of lease liabilities are as follows at June 30, 2023:

Year Ending December 31,	
2024	$ 67,100
Total lease payments	67,100
Less: Interest	(422)
Present value of lease liabilities	$ 66,678

The following summarizes the line items in the statement of functional expenses which include the components of lease expense for the year ended June 30, 2023:

Operating lease cost	$ 62,014

The following summarizes cash flow information related to leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows	$ 60,271
Right-of-use assets obtained in exchange for new operating lease liabilities:	$ 21,017

NOTE 8 – CONCENTRATIONS, CREDIT RISKS, AND UNCERTAINTIES

Concentrations

The Organization operates in Fullerton, California, and is dependent upon the local economy.

Credit Risks

The Organization maintains interest bearing and noninterest bearing cash equivalent accounts at a financial institution located in Southern California. Insurance limit by the Federal Deposit Insurance Corporation (FDIC) is $250,000 per depositor per institution. Deposits in excess of federally insured amounts totaled $156,747 at June 30, 2023. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in these accounts.

Net assets with donor restrictions have various compliance requirements which management believes have been complied with in accordance with the restrictions.

NOTE 9 - CONTINGENCY

The Organization has received governmental grants for the operation of its programs. revenue, expenses and other financial activities recognized in accordance with these grants are subject to review and audit by grantor agencies for up to three to five years, depending on the period stated in the grant agreement. These reviews and audits may result in revenue and expenditure disallowances in subsequent years. Based on prior history, management believes that no material liability will result from such audits.

NOTE 10 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023 comprise the following:

Total financial assets:	
Cash	$ 298,821
Grants receivable	117,426
Other receivable	3,074
	419,321
Less: Donor-imposed restrictions	(192,167)
Financial assets available to meet cash needs for general expenditures within one year	$ 227,154

The Organization maintains a policy of structuring its financial assets to be available as general expenditures, liabilities and other obligations come due.

NOTE 10 – LIQUIDITY AND AVAILABILITY (Continued)

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

NOTE 11 – THRIVE LAUNCH FUNDS

Thrive Launch Funds are savings accounts the Organization administers for participants in the THRIVE program. Residents pay $250 monthly of which $100 goes toward expenses for the housing unit and $150 is credited to their savings account. Once the residents leave the program, their balance will be paid out.

NOTE 12 – SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through June 28, 2024, which represents the date the financial statements were available to be issued.